THE REPUBLIC OF ECUADOR
NATIONAL DEVELOPMENT PLAN

NATIONAL PLAN FOR GOOD LIVING

2009 - 2013

Building a Plurinational and Intercultural State

SUMMARIZED VERSION

THE REPUBLIC OF ECUADOR
NATIONAL PLANNING COUNCIL

The Republic of Ecuador. National Development Plan

National Plan for Good Living 2009-2013: ***Building a Plurinational and Intercultural State***

Summarized Version

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Presentation

When, in January 2007, we started preparing the 2007-2010 National Development Plan, the "Plan for the Citizens' Revolution", we did not start from scratch. At this time, our challenge is to consolidate it and this is why the 2009-2013 National Plan for Good Living establishes new horizons aimed to materialize and radicalize the project for a change of the Citizens' Revolution and for the achievement of Good Living for all Ecuadorians.

The 2007-2010 National Development Plan, the "Plan for the Citizen's Revolution", was elaborated for the first presidential term of Rafael Correa. It was the result of many of the proposals for change outlined in the Government Plan proposed by *Movimiento País*, in the run-up to the elections of 2006 and 2007. With the ratification of a new Constitution (2008), came new elections, a new presidential term for the Citizen's Revolution (2009-2013). In accordance to the new political circumstances and the new legal and constitutional framework, a new National Development Plan was deemed necessary. It was called the 2009-2013 "National Plan for Good Living", and sought to give strength to the Five Revolutions of the Citizens' Revolution, promote the gradual construction of a Plurinational and Intercultural State, and support the new social contract contemplated in the new 2008 Constitution of the Republic of Ecuador.

The Five Revolutions of the Citizen's Revolution are the following:

1. ***A Constitutional and Democratic Revolution*** to lay the foundations of an inclusive and reflective political community, by trusting in the country's capacity to define another historic course to achieve a fair, diverse, plurinational, intercultural, and sovereign society.

2. ***An Ethical Revolution*** to guarantee transparency, accountability and checks and balances as the pillars on which to build social relations that enable mutual acknowledgement between individuals and collective trust; essential for long-term change.

3. ***An Economic, Productive, and Agrarian Revolution*** to overcome an inherited model of exclusion, and direct State resources towards education, health, the road network, housing, scientific and technological research, to promote employment and production, in a way which includes both rural and urban areas.

4. ***A Social revolution,*** hand in hand with inclusive economic policies, for the State to guarantee the essential rights of all individuals, communities, peoples, and nationalities.

5. ***A Revolution in Defense of Latin American Dignity, Sovereignty and Integration***, to uphold a clear, dignified and sovereign position in Ecuador's relations with international actors and multilateral organizations, in order to advance towards genuine integration within Latin America and the Caribbean; and to insert Ecuador strategically in the world community.

The 2009-2013 National Plan for Good Living raises significant technical and political challenges, as well as methodological and instrumental innovations. However, the Plan's greatest significance lies in the conceptual rupture with the so-called Washington Consensus[1] and the most orthodox approaches to the concept of development.

Good Living is the result of a search, over several decades, for new ways of living on behalf of Latin American social actors. It is the result of their demands in the face of the neoliberal economic model and paradigm. In Ecuador, these demands were eventually incorporated into the Constitution and have since become the guiding principles of the new social contract.

Good Living is based on a vision that surpasses the narrow confines of quantitative economicism and challenges the notion of material, mechanic and endless accumulation of goods. Instead the new paradigm promotes an inclusive, sustainable, and democratic economic strategy; one that incorporates actors historically excluded from the capitalist, market-driven logic of accumulation and (re)distribution.

Similarly, Good Living revises and reinterprets the relation between nature and human beings, and proposes a shift from the current prevailing anthropocentrism to what we may call bio-pluralism (Guimaraes in Acosta, 2008). Good Living posits that humans should use natural resources in a way that allows their natural generation (or regeneration.)

Finally, Good Living also relies on social equality and justice, and gives importance to dialogue with – and acknowledgement and value of – diverse peoples, cultures, forms of knowledge and ways of life.

Good Living, therefore, is a complex, non-linear concept which is in permanent re–signification. In sum, Good Living could be defined as *"covering needs, achieving a dignified quality of life and death; loving and being loved; the healthy flourishing of all individuals in peace and harmony with nature; and achieving an indefinite reproduction perpetuation of human cultures. Good Living implies having free time for contemplation and personal emancipation; enabling the expansion and flourishing of people's liberties, opportunities, capabilities and potentialities so as to simultaneously allow society, specific territories, different collective identities, and each individual, understood both in universal and relative terms, to achieve their objectives in life (without causing any kind of material or subjective dominance over any other individual). Our concept of Good Living compels us to re-build the public sphere in order to recognize, understand and value ourselves as diverse but equal individuals, and in order to advance reciprocity and mutual recognition, enable self-advancement, and build a shared social future" (Ramírez, 2008: 387.)*

This conceptual rupture we are proposing is based on ethical principles that pave the road to radical change and a fair, free and democratic society. In this regard, it relies on five essential understandings of justice: social and economic justice; democratic and participative justice; inter-generational and inter-personal justice; transnational justice; and unbiased justice. Its main proposals could be resumed as follows:

- To build a society that recognizes unity within diversity.
- To recognize humans as gregarious beings who wish to live in society.
- To promote social equality, integration, and cohesion.
- To progressively guarantee universal rights and potentiate human capabilities.
- To build social and economic relations in harmony with nature.
- To build a fraternal and co-operative coexistence.
- To consolidate liberating forms of work, allowing for leisure.
- To re-build the public sphere.

[1] The Washington Consensus was an ideological way out to the capitalist crisis that resulted from a conference held in 1989 by the Institute for International Economics, in Washington.

- To deepen the construction of a representative, participative, and deliberative democracy.
- To consolidate a democratic, pluralist and secular State.

The conceptual rupture with the notions of "development" and "State" relies on a long-term strategy that seeks to build an "*eco-touristic biopolis*" in the context of a post-petroleum economic model aimed at generating and redistributing wealth for Good Living. For the first phase of its implementation (2009-2013), this model articulates twelve strategies for change:

I. The democratization of the means of production, the (re)distribution of wealth, and the diversification of the forms of property and organization.
II. The transformation of the pattern of economic specialization through the selective substitution of imports.
III. The increase of real productivity and the diversification of exports, exporters and markets.
IV. Ecuador's strategic and sovereign insertion in the world, and Latin American integration.
V. The transformation of higher education and the transfer of knowledge in science, technology and innovation.
VI. To boost connectivity and telecommunications to build the "information society".
VII. To change the energy matrix.
VIII. The investment for Good Living within sustainable macroeconomics.
IX. The inclusion, social security and protection, and guarantee of rights within the context of the Constitutional Rule of Law and Justice.
X. The sustainability of the natural heritage, conservation, knowledge and the promotion of community tourism.
XI. Territorial development and planning, deconcentration and decentralization.
XII. Citizen power and social leadership.

The Plan therefore proposes a logic based on the 12 main national objectives previously set forth in the 2007-2010 National Development Plan, and currently updated in view of the Government's recent performance, new proposals for sectorial and territorial public policies, and the need to take into account the new constitutional framework. The updated objectives of the National Plan for Good Living are:

Objective 1. To foster social and territorial equality, cohesion, and integration within diversity.
Objective 2. To maximize the citizens' capabilities and potentialities.
Objective 3. To improve the population's quality of life.
Objective 4. To guarantee the rights of nature and promote a healthy and sustainable environment.
Objective 5. To guarantee sovereignty and peace; and to promote Ecuador's strategic insertion in the world, and Latin American integration.
Objective 6. To guarantee stable, fair, and dignified work and employment in its diverse forms.
Objective 7. To build and strengthen public spaces for intercultural social interactions.
Objective 8. To affirm and strengthen national identity, diverse identities, plurinationalism, and interculturalism.
Objective 9. To guarantee rights and justice.
Objective 10. To guarantee access to public and political participation.
Objective 11. To establish a social, fraternal and sustainable economic system.
Objective 12. To build a democratic State for Good Living.

This Plan offers a cohesive vision of society based on a rights-and-opportunities approach. Its axes are environmental sustainability; and gender, generational, intercultural and territorial equality. A great deal of coordination and

articulation is required in order to harmonize the demands of diverse sectors with the national objectives.

To achieve this articulation, this Plan developed sectorial agendas which were conceived as instruments of sectorial coordination and consensus in order to define policies, strategies, programs and projects to be executed by the different institutions of the Executive Branch. These sectorial agendas and policies are consistent with constitutional provisions and with the objectives of Good Living.

Sectorial consensus, by itself, however, is insufficient. The different visions of the inhabitants of the "territories" must be included in order to strengthen the integration and improve the living conditions of communities. This is a two-way process in which local planning nurtures national planning, and vice versa, in order to build a new type of polycentric State. In 2007, therefore, Ecuador promoted a National Development Plan in which the territorial perspective was taken into account through the incorporation of provincial plans. For the 2009-2013 period, this objective was achieved through the elaboration a National Territorial Strategy, which is itself one of this Plan's main innovations.

Establishing differentiated agendas for the seven planning zones enabled us to identify the populations' needs in relation to the territories' qualities, potentialities and limitations, as well as to develop a proposal for a territorial model articulated to a national proposal.

This completely new exercise in national planning also involved high levels of participation. The 2009-2013 Plan was achieved through a sustained process of consultation that began with the 2007-2010 National Development Plan. It was constructed by a collective process involving a great diversity of actors. In this regard, it is particularly important to highlight the organization of several Citizen Consultation Workshops, in which more than 4,000 representatives of Ecuadorian civil society participated, and both national objectives and territorial subject matters were discussed. As a contribution to the discussion, opinion polls were conducted among more than 5,000 individuals, on the meaning of Good Living amongst other questions.

The 2009-2013 National Plan for Good Living is divided into nine parts. Part one presents the Plan's formulation process, which was profoundly democratic and intensely participatory. Part two displays the ethical and programmatic guidelines, which underlie and guide the current transformation of the country, and part three discusses the change of paradigm, from development to Good Living.

Part four offers a critical diagnosis of the country's historic economic, social and political processes during the recent decades, as well as an analysis of the Government's first 31 months. In relation to the diagnosis, part five puts forward the transformations required to achieve a new mode of accumulation and (re)distribution essential for Good Living. The next part develops the 12 national strategies for the 2009-2013 period.

Part seven develops the 12 National Objectives for Good Living, which have been updated following the new constitutional provisions and the results of the assessment of the 2007-2010 National Development Plan, new sectorial and territorial agendas and policies, and citizens' contributions. This section is concerned with objectives and policies. A major concern is to put an end to bureaucratic and institutional inertia which are major obstacles to the National Government's compliance with its own transformation proposal.

As one of the main innovations in the 2009-2013 National Plan for Good Living, part eight includes the National Territorial Strategy that identifies and establishes the territories in which the main national strategic interventions and projects are to be carried out. A first version of agendas for each planning zone is included in a complementary attachment.

In its final part, the Plan develops resource allocation criteria though the formulation of a

Pluriannual Investment Plan. It should be noted that the planning and prioritization of public investment was performed alongside an analysis of the programs and projects articulated to medium-term strategies and the policies defined for each objective highlighted above.

The 2009-2013 National Plan for Good Living is a flexible and dynamic instrument, also available in a digital version. The digital version, in addition to the contents described above, gathers the results of participation in the citizen consultation tables and includes additional information in order to allow a process of permanent update as policies are developed. This version also includes an option for a geographic visualization of indicators. This provides public policy makers with instruments that enable them to develop coverage projections and gauge the impacts their programs may have in given areas, bearing in mind environmental sustainability and gender, generational, intercultural and territorial equality.

Finally, the National Plan for Good Living is also a first step to build the National Decentralized System for Participative Planning that aims to decentralize and deconcentrate political power and decision-making and build the Plurinational and Intercultural State. In this sense, and in accordance with constitutional provisions, this Plan leaves the door open for all of Ecuador's peoples and nationalities to build their Life Plans, as well as to develop the special Plan for Amazonian territorial constituencies. Similarly, the Plan recommends the Autonomous Decentralized Governments seek to articulate themselves to this Plan, and update their planning instruments and territorial intervention priorities.

The "2009-2013 National Plan for Good Living – Building a Plurinational and Intercultural State" was developed with the technical and methodological guidance of the Secretariat for National Planning and Development (SENPLADES), in coordination with the technical teams of a number of different ministries and secretariats, and with the help and contributions of a great many Ecuadorian citizens. The Plan's approval by the National Planning Council is a milestone in enforcement of the new Constitution and in the consolidation of participative democracy.

René Ramirez Gallegos
NATIONAL SECRETARY
FOR PLANNING AND DEVELOPMENT

1. The Construction Process of the 2009-2013 National Plan for Good Living

The creation of the Plan required confronting four main challenges: articulating the planning to the new constitutional framework; generating processes of intra-State articulation and feedback processes, incorporating a result-oriented form of management; inserting territorial and local planning; and promoting a process of social participation.

Pursuant to the constitutional provisions set forth in Art. 280, the National Development Plan is the instrument which governs public programs, policies and projects, the programming and implementation of the State budget, public investment and allocation, and coordinates exclusive competences between the Central Government and the Autonomous Decentralized Governments. Its observance is mandatory for the public sector and exemplary for other sectors.

1.1. Constitutional Provisions on National Planning

The 2008 Constitution considers planning and public policies as instruments to achieve the Objectives of Good Living and guarantee of rights. In accordance with the Fundamental Law, the aim of planning is to promote social and territorial equality and consensus. For this purpose, the eradication of poverty, the promotion of sustainable development, and the equitable (re)distribution of resources and wealth are essential. In this new approach, the citizens, both individually and collectively, are entitled to participate and be protagonists in public decision- and policy-making.

1.2. Guiding Elements to Prepare the Plan

The 2008 Constitution, the new social contract approved in referendum, is the main point of reference for the national planning process. The Plan was updated according to the Constitution and received a different name to reflect the change of paradigm encompassed in the term “Good Living”. It was called the “2009 - 2013 National Plan for Good Living: Building a Plurinational and Intercultural State.”

This Plan was also based on Rafael Correa's political project, ratified by the Ecuadorian people in the ballot box and has the political legitimacy of a social and civil mandate to which the Government must respond and render accounts.

This Plan is also based on an analysis of the country's situation; on an examination of compliance with the goals of the 2007- 2010 Plan; and on the evaluation of public policies, programs and projects to determine their impact, efficiency and results.

During the 2007-2009 presidential term, the State and the public administration – traditionally structured around the logic of sectorial planning and implementation – carried out an ambitious effort of articulation and synergy. As a result, the focus of planning changed to an aims and results-oriented management, in which policies and programs become appropriated, coordinated, and shared by the different public institutions involved in the implementation and evaluation of policies.

The challenge of shifting from sectorial planning reasoning to an objective- and aims-oriented form of planning required a structured vision of public policy understood as a whole. To promote this structured articulation, the development of this Plan was based on designing sectorial agendas – one for each sectorial area in the Executive Branch– which could be instrumental for the purpose of sectorial coordination. Sectorial agendas are compatible with the Constitution, with the objectives of Good Living, and with good operative planning. They allow the articulation between medium-term programmatic orientations and effective institutional management (Figure 1.1.)

Figure 1.1: The articulation of the strategies with the institutional management



Prepared by: SENPLADES.

It is essential to follow up on whether the overall aims are being upheld. For this purpose, indicators are essential in order to follow up on and evaluate whether public actions and policies are having the expected or desired impact in 2013. The indicator baseline corresponds to 2008 or the most recent year with available information[2]. Indicators are validated by both the ministries in charge of implementation and coordination.

Given that the Plan is articulated to institutional planning, public entities carry out their own institutional plans in line with the National Objectives; this means the Plan's goal and indicators are complemented by each entity's own specific indicators.

Each state body and autonomous decentralized government must comply with the goals set forth in the Plan. This also requires a commitment on behalf of civil society.

Additionally, implicit, practical or subjective knowledge, not necessarily subject to codification, requires multiple feedback mechanisms and citizen participation; knowledge has a social nature and is inseparable from collective action. For this reason, the Plan also includes dialogue mechanisms in order to identify the impact of public programs and to follow up on public investment.

This Plan's development included a pioneering process for public investment planning, prioritization, and programming for the 4-year period. The identification of investment requirements was performed together with program and project analysis, validation, and prioritization based on the agendas and policies of each Sectorial Council. A technical process was initiated to enable project resource allocation. This process considered specific criteria, such as: the policies defined in this Plan, medium-term strategies, the political program approved in the last elections, the Investment Priority Index, and the prioritization exercise of the coordinating ministries. The public investment scenarios measured the impact on the national treasury and took into account fiscal sustainability. The result is the Pluriannual Investment Plan that shall be revised and updated regularly.

Sectorial compromise and agreement, however, is by itself insufficient. The territory and its characteristics must be considered and analyzed as part of a two-way process in which local planning feeds and nurtures national planning, and vice versa, for the purpose building a polycentric State. In 2007, Ecuador elaborated its National Development Plan on the basis of a territorial perspective based that relied on the provincial level. For the 2009-2013 period, one of the Plan's main innovations is the National Territorial Strategy which identifies the main interventions and strategic projects in the territories. The development of zonal agendas helps identify the people's needs and the qualities, potentialities and limitations of the territories. These zonal agendas also offer a territorial model containing guidelines for the use of land, and strategic regional policies articulated to a national proposal.

The National Territorial Strategy must be consolidated and enriched through participative planning and the feedback from the Autonomous Decentralized Governments. Coordination mechanisms must also be strengthened in the territories to consolidate a balanced and inclusive territorial model.

This Plan is not the sum of the local or sectorial plans of the Ecuadorian State, even if territorial demands and expectations have been analyzed and have greatly contributed to its development. The Life Plans of the Ecuadorian peoples and nationalities, as well as the special Plan for the Amazonian territorial constituencies were also incorporated to this effort.

[2] The goals are complemented with support indicators for the Plan's follow up and assessment.

1.3. Participative Planning for Good Living

Citizen participation is a right. Participative planning is therefore inspired by a profoundly ethical understanding of democracy: to unite individual interests and rely on the knowledge and abilities of the Plan's target beneficiaries who are co-responsible in the framing of public actions and policies that are addressed to the society as a whole.

The Plan's participative nature was achieved through a sustained consultation process that began with the preparation of the 2007-2010 National Development Plan. It was characterized by the diversity of the actors who took part in the process, and was elaborated with the help of citizens' policy implementation inspectorships, national and regional citizen consultation, and dialogue and consensus-building with social and institutional actors.

Citizen Inspectorships

Between June 2008 and March 2009, citizen spaces were created to enable the participation of women and men from different social-cultural background, age, sexual choice, condition, to give their opinion on the achievements of the 2007-2010 National Development Plan; to suggest amendments and scrutinize the entire cycle of public policies derived from the Plan, and to give their opinion on programs and projects implemented in the seven different planning zones. The results and observations from the inspectorships have been incorporated to this new 2009-2013 National Plan for Good Living.

Public policies, therefore, can be nurtured by the knowledge of the citizens and social groups. This process promotes citizen empowerment for co-habitation in diversity, and strengthens the social system.

Citizen Consultation Workshops

These workshops were organized to strengthen the Plan's articulation in the territories and communities. They were held in regional meetings in Esmeraldas, Babahoyo, Portoviejo, Santo Domingo, Cuenca, Loja, Latacunga and Tena. Two other workshops were held in Quito and Guayaquil. Given their territorial, environmental and cultural differences, a separate workshop was held in the Galapagos Islands, and another was held in Baños with the representatives of the peoples and nationalities of Ecuador. In this regard, it is particularly important to highlight the fact that more than 4,000 representatives of Ecuadorian civil society participated in these workshops, and both national objectives and territorial subject matters were discussed.

The aims of the workshops were to identify national policy proposals based on the knowledge of local actors and their regional reality, in order to overcome the micro community-canton-province and examining the country's problems as a whole. To this end, a methodology was designed to reflect on national objectives from the perspective of the diverse regional realities. The results of such participative processes were processed through each workshop's systematization cards published in the website that was created for this purpose.

Additionally, large-scale social and political events were organized in various public plazas to communicate the contents of the Plan; particularly in Quito, Guayaquil, Cuenca and Loja. As a further contribution to the discussion on the Ecuador's societal priorities, opinion polls were conducted among over than 5,000 citizens.

Dialogue and Consensus Between Social and Institutional Actors

A consultation process was also performed through the National Councils for Equality, which initiated an ongoing dialogue with the organizations, social movements, and peoples and nationalities in order to define the policies required for the inclusive development of the sectors historically discriminated against.

Methodological Principles of the Citizen Consultation Workshops

A dialogue between diverse forms of knowledge between technical, academic, and popular actors and enabling everyone to be listened to and incorporated into the process.

Valuing the experience: The participants' know-how and experiences were the starting point of the dialogue to keep their voice from being subdued by the opinion of the experts.

Diversity as wealth: The participants' diversity, criteria and proposals were all encouraged. Diversity was not deemed an obstacle, but rather promoted.

Deliberation over consensus: Discussions were promoted as part of a citizenship-building exercise. Disagreements and consensus were noted and recorded, and no agreement was imposed.

From fragmented to complex thinking: We sought to overcome the logic of sectorial planning and promote planning based on National Objectives and territorial subject matters.

Transversal axes: All reflections took into account gender, generational, territorial, and intercultural considerations.

Flexibility: The methodology was adapted to the different contexts and participants of the consultation workshops.

1.4. Process Achievements and Scopes

The following was emphasized:

- The consolidations of planning based on National Objectives integrated into the sectorial policies. However, this logic still needed to be strengthened through institutional planning in order to fill the gaps and prevent overlapping.
- The involvement of public institutions in charge of policies and, in particular, the coordinating ministries and instances responsible for transversal axes (gender, intercultural, generational and territorial approaches).
- The communication of the plan's objectives were communicated to broad sectors of society. The participants also made substantial contributions to improve the Plan.
- The successful articulation of levels of deliberation, debate, and discussion as well as a good representation from different sectors.
- The establishment of the bases for a participative planning system that contributes to radicalizing democracy in the future.

The following main challenges were identified:

- A participation system that allows permanent and efficient integration of the society's aspirations in the different planning processes must be promoted.
- Further debate must be encouraged in the territories for the Plan's application for the effective establishment of the National Decentralized System for Participative Planning.
- Better articulation and synergy are required between the different levels of government in order to optimize actions throughout the territories.
- The planning process must be consolidated by a better articulation between planning and resource allocation according to national priorities.

2. Ethical and Programmatic Guidelines

Any responsible political project must contain a set of ethical, utopian and theoretical principles to pave the road and ensure the viability of the collective and individual dreams and aspirations.

This Plan's principles and guidelines seek to contest the idea that the *present* is a mere historic fatality to which we must surrender. Denying the possibility of change compels common citizens to adopt conformist outlooks on the future and prevents people from believing that other forms of social life are possible. It is for this reason that we must defend the legitimacy of the politics of emancipation, as well as reclaim the right to envision a better future.

2.1. Ethical Guidelines

- *Social and economic justice* for the exercise of freedom for all: In a fair society, each of its members enjoys the same access to the material, social, and cultural means required to survive and lead a satisfactory life that allows each individual to reach self-fulfillment and sets the bases for their mutual recognition as equals (Wright, E.O., 2006:3.)
- *Democratic participative justice*: In a politically fair society, all members must have the same power to contribute to the collective institutionalized control of the political conditions and decisions that affect their common destiny. This must be construed as the defense of the principles of political equality, participation, and democratic collective power (Wright, E.O., 2006.)
- *Inter-generational and interpersonal justice*: In a fair society, actions and plans in the present must take into account future generations. This involves an environmental and distributive promise that takes in consideration the environmental and social impacts of the use of natural resources; gender equality; and the acknowledgement of the country's cultural diversity.
- *Transnational justice*: A fair global society implies overcoming the fact that each individual's life options are limited by both social and national accidents of birth. If we acknowledge the existence of global public goods and the mobility of human beings and resources between countries, then the (re)distribution of tangible and intangible goods and the leveling the weight of participation in the global political sphere should be treated seriously. (Nussbaum, 2006, ob. cit.)
- *Impartial justice:* A fair society must provide each and every citizen with juridical security and an equal treatment in all procedures. In such societies, individual rights are respected as they are part of a social objective (Dworkin, in Campbell, 2002; Rawls, 1999.)

2.2. Programmatic Guidelines

This Plan aims to disrupt the historic course of Ecuadorian development and democracy by espousing the Five Revolutions of the Government of Citizens' Revolution:

1. A *constitutional and democratic revolution* to lay the foundations of an inclusive and reflective political community, by trusting in the country's capacity to define another course for a fair, diverse, plurinational, intercultural and sovereign society. This demands consolidating the current constitutional process through regulations, the implementation of public policies, and the State's transformation in line with the rights encompassed in Good Living are truly exercised. To this end, it is essential to form radical citizens that set the material bases for a national project inspired by equality in diversity.

2. An *ethical revolution* to guarantee transparency, accountability and checks and balances as the pillars on which to build social relations that enable mutual acknowledgement between individuals and collective trust; essential for long-term change.

3. *Economic, productive, and agrarian revolution* to overcome an inherited model of exclusion, and direct State resources towards education, health, the road network, housing, scientific and technological research, to promote employment and production in a way which includes both rural and urban areas. This revolution must be achieved by democratizing access to water, land, credit, technologies, knowledge, and information, and by diversifying the forms of production and property.

4. A *social revolution*, hand in hand with inclusive economic policies, for the State to guarantee the essential rights of all individuals. This revolution must offer opportunities for socio-economic insertion and, at the same time, strengthen the capabilities of individuals, communities, peoples, nationalities and groups in need of services that enable them to freely exercise their rights.

5. *A Revolution in Defense of Latin American Dignity, Sovereignty and Integration*, to uphold a clear, dignified and sovereign position in Ecuador's relations with international actors and multilateral organizations, in order to advance towards genuine integration within Latin America and the Caribbean; and to insert Ecuador strategically the country in the world community.

3. Change of Paradigm: From Development to Good Living

The prevalent concept of "development" is undergoing a profound crisis. In part this is only due to the colonial perspective from which the concept is derived. But it is also a result of its failure throughout the world. The present global crisis has demonstrated that it is impossible to maintain the current patterns of accumulation. For the South, it has meant an extractivist and devastating path to development, with unequal relations of power and trade with the North. Moreover the unlimited consumption patterns derived from this model are leading the entire planet to collapse, given that the biosphere is unable to ensure its capacity for regeneration. It is essential, therefore, to promote new modes of production, consumption, and organization of life and coexistence.

The hegemonic ideas of progress and development have generated a monoculture that invisibilizes the historic experience of the diverse peoples that compose our societies. A linear vision of time supports the concept of progress, modernization and development in which history has only one purpose and one direction: developed countries are ahead and are the "model" all societies should follow. Whatever falls outside these ideas is considered savage, primitive, obsolete, pre-modern (Sousa Santos, 2006: 24.)

Development as modernization and economic growth tends to be measured through the variations of the Gross Domestic Product (GDP.) Industrial development is what society should expect development and the culmination of the modernization process. Underdevelopment is attributed to the backwardness of society; which ignores the importance of external factors and the nature of the capitalist accumulation process.

In contrast, the concept of "human development" defends the idea of development based on human beings, and not merely on markets or production. What must be measured, therefore, is not GDP but the living standards of people through indicators related to the satisfaction of their human needs.

The concept of human development emphasizes quality of life, human opportunities and capabilities that must be encouraged in order to cover different types of needs, such as livelihood, affect, participation, freedom, identity, creativity, etc. Quality of life is understood as living a long and healthy life, the capacity to acquire knowledge, and having access to the resources required for a decent level of life (UNDP, 1997: 20). The emphasis is on what people can "do and be", based on their potentialities, ways of thinking, needs, cultural values and patterns of organization.

In addition to covering needs and expanding current human capabilities, it is clear that human development must be sustainable. This is not viable without respecting historic and cultural diversity, the very basis on which the necessary unity of the people is constructed. For

this purpose, it is vital to grant equal rights and opportunities to women and men, to peoples and nationalities, to boys, girls, youngsters, and adults. This also implies unrestricted citizen participation in the exercise of democracy.

In general terms, however, the prevailing concept of development has remained immune to questioning. It has "resisted" feminist, environmental and cultural attacks and criticisms. Its detractors have been unable to institutionalize their alternative proposals. This is the reason why, today, more than ever, the South needs to put forward proposals which to re-think social, cultural, economic and environmental relations. By following the new social contract set forth in the 2008 Constitution, this Plan proposes a moratorium of the word "development" and the incorporation of the concept of Good Living in the debate.

3.1. Approaches to the Concept of Good Living

The Andean indigenous peoples have contributed to this debate by applying other epistemologies and cosmovisions. One of their greatest contributions is the notion of *sumak kawsay*, 'life to the fullest'. The notion of development is inexistent in these peoples' cosmovision since the future is behind us because the concept implies something we do not look at or know. In the Andean cosmovision, the past is in front of us; we see it, we know it, it is ours, and we walk with it. Our ancestors are with us on the road; they join us, the community and nature to become one. We "are" together with all these living creatures that are part of our lives. The upside world, the downside world, and this world are connected to each other and are part of a whole within a spiral, and not a linear perspective of time.

Ancestral thought is essentially collective. The concept of Good Living necessarily resorts to the idea of "us". The community shelters, protects, demands; it is the basis for the reproduction of that collective subject that each and every one of us is. This is why humans are conceived as one part of a whole that cannot be understood only as a sum of its parts. The whole is present in each being and each being in the whole. "The universe is permanent; it has always existed and will always be here; it is born and dies in itself and only time can change it" (Kichwa saying). This is why to harm nature is to harm ourselves. *Sumak kawsay*, or life to the fullest, transmits this cosmovision. Living life to the fullest consists in achieving total harmony with the community and the cosmos.

The concept of Good Living converges with other concepts that are also present in Occidental thought. In his ethical and political theories, Aristotle also talked about Good Living. For him, the ultimate goal of human beings was happiness, which can be achieved in the context of a happy *polis*. In other words, happiness for all, which is each individual's happiness, can only be achieved in the political community. Goof Living, therefore, relates happiness to friendship, love, political undertaking, the possibility of contemplation, of theorizing, and creating works of art. All of these elements have been forgotten in the prevailing notions of development.

The word "development", furthermore, has become a synonym of "well-being". We believe, however, that the translations of the term "well-being" in Spanish, namely "*bienestar*" needs to be revised and raises problems we cannot elude. The verb "*to be*" in Spanish has two meanings: "*ser*", which is a more permanent and existential condition, and "*estar*", a more transient, temporary condition. The expression "*bienestar*" omits the former holistic understanding of "being" (Ramírez: 2008, 387).

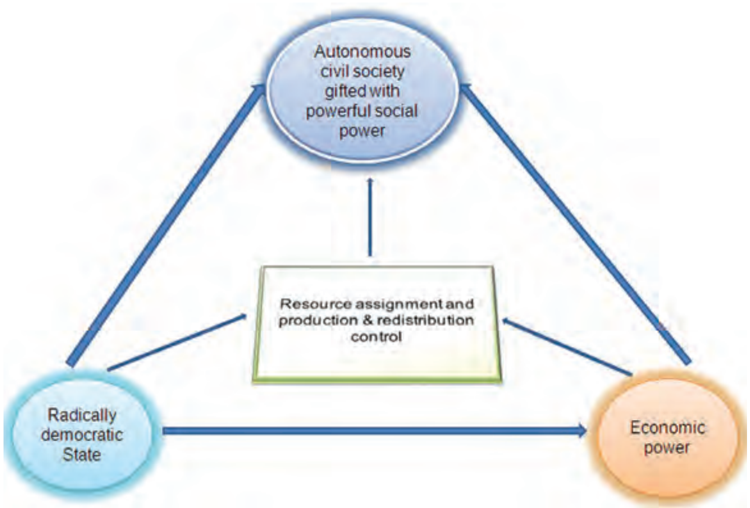
3.2. Principles for Good Living

Good Living's combination of ethical and programmatic guidelines for Good Living seeks to articulate democratic liberties with the possibility of building a fair and shared future. A free society is evidently not possible fighting economic and political inequality. Its development also depends on the sustainable management of natural resources.

As suggested by Wright, E.O. (2006), the aim is to promote the construction of a society that

expands democracy and its incidence on radical social and material equality – and not focus exclusively on the market, as in the case of neoliberalism, or of the State, as in the case of so-called 'real socialism' – as the guiding force of social development. The idea is to promote freedom, the citizens' autonomous mobility, and their capacity to cooperate voluntarily in individual or collective actions. This capacity is based on the premise that citizens having real control over the use, assignment and distribution of a country's tangible and intangible goods.

Figure 3.1: A Strong Civil Society



Source: Wright, E.O., 2006.
Prepared by: SENPLADES.

Human diversity[3] makes it almost impossible to reach complete equality. Inequality, however, must be drastically reduced, and for this purpose we need to establish means with which to achieve a this reduction in inequality and to create scenarios that promote emancipation and self-fulfillment under principles of solidarity and fraternity that enable common recognition.

3.2.1. Unity in Diversity

In societies marked by a history of colonial domination, living in a community, which is an essential part of Good Living, depends on the existing opportunities to build such a community in the first place. We need to recognize diversity as a substantial part of society by means of intercultural learning that will enable the thriving of multiple cosmovisions, forms of knowledge, epistemologies and cultural practices.

The 2008 Constitution incorporates a crucial break with the past: the shift from a multicultural and multi-ethnic State, encompassed in the 1998 Constitution, to a plurinational and intercultural State. In societies like the Ecuadorian society, marked by inequalities, we cannot think of interculturalism without considering domination processes. Intercultural dialogue is based on the premise of a dialogue among equals; and this is not possible when some cultures are subordinated to others.

[3] Human diversity is the result of external characteristics, such as the social and natural environment humans are immersed in their legitimate heritage, as well as personal characteristics like age, sexual orientation, gender, ethnic group, metabolism, etc.

Similarly, economic inequality is linked to deep ongoing processes of social exclusion, discrimination and segregation.

As a result and in order to build a plural, democratic society, there must be a focus on three levels: the social-economic level to assure equality; the political level to enable changes to the structure of power so that difference no longer favors oppression; and the social-cultural level, in which differences may be acknowledged, and which opens the possibility of intercultural learning (Díaz Polanco, 2005.)

A plurinational State means building a radically democratic post-colonial State. Plurinationalism acknowledges the authority of peoples and nationalities elected according to their uses and customs within the context of a unitary State. Plurinationalism, therefore, values the different forms of democracy that exist in the country: community, deliberative, and participative forms of democracy that nurture and complement representative democracy.

The construction of a radically democratic State is also the construction of a polycentric State. Plurinationalism goes hand in hand with decentralization which is not synonymous with the weakening of the State. A strong decentralized State and a sound diverse society are both possible and necessary.

3.2.2. Human Beings Who Seek to Live in Society[4]

Human beings are social, gregarious and political beings. Personal fulfillment is unthinkable without acknowledging and interacting with others. It is about acknowledging that we are unable to defend our own life without defending the life of others – those who exist now and those yet to come – and that, together, we must ensure that each person and community can effectively choose to live the life they seek and exercise their rights.

Freedom must therefore be understood as the fulfillment of each person's potentialities. Freedom for all is conditioned to the freedom of each individual.

People are interdependent and not isolated beings. As interdependent beings we need and depend on other individuals in order to be autonomous, achieve "wellbeing" and social reproduction. People acquire their intellectual and emotional abilities in the family, in institutions, in social milieus, and need a series of protections related to material, emotional and intellectual wellbeing throughout their lives, and in particular during childhood and old age.

With this in mind, Good Living comprises productive processes which are compatible with the reproductive processes[5]. A development model based on Good Living must pursue a fairer social caring regime, in which caring activities are better valued, distributed, and expressly directed at eradicating the sexual division of labor, for a more equitable provision and reception of care (Herrera, 2009.)

3.2.3. Equality, Integration and Social Cohesion

An egalitarian society is a non-stratified political community in the sense that it does not create unequal social groups. Many models based on State assistance are limited to providing access to survival goods and have failed to take into consideration the various distances and

[4] For a more exhaustive development of the issues raised in this section, see Ramírez & Minteguiaga (2007.)

[5] Different studies, using different methodologies, estimate that the reproductive and care-related labor performed by primarily female Ecuadorian individuals represents between 25% and 50% of Ecuadorian GDP (León, 1998.) The current care regimes are vectors of social injustice, inequality and exclusion. It is not merely that household workers earn much less than other workers, but also the fact that people are not well taken care of; and that, after taking care of someone else all their lives, women do not receive any compensation or care themselves. In addition, many women are not in a position to choose whether they give care services or not, as men often do, and thus lack free time.

limitations that separate individuals from one another. As a result, these models have reproduced an unequal, poorly-cohered society in which there is a high probability of building and consolidating patterns of subordination. The search for a common place where male and female citizens mutually recognize themselves as equals is postponed. We must clarify, however, that equality "does not mean that everybody must have the same income [life conditions, lifestyle, tastes, wishes, expectations, etc.], but it demands an approximate equality that is inconsistent with the systemic generation of relations of domination and subordination" (Fraser, 1999.)

3.2.4. Complying with Universal Rights and Promoting Human Capabilities

In Good Living, access to minimum or basic goods is insufficient. The true goal is to develop capabilities and express individual identities. The reference must be a dignified life and not merely survival.

Economics Nobel Prize Amartya Sen suggested that "given the fact that the conversion of primary goods or resources into liberties of choice may vary from one person to another, equality in the possession of primary goods or resources can also bring a series of inequalities in the real liberties enjoyed by different individuals" (1992).

The objective, therefore, must be to guarantee the rights of citizens, and along with this, their co-responsibility in complying with their duties towards others, their communities, and society as a whole. If rights are the objective, policies must be universal and not selective. Focalization may reflect priority in case of temporary emergencies, but the guiding principle of mid- and long-term economic and social strategies must be universal solidarity.

3.2.5. Harmonious Relations with Nature

Ethical responsibility with current and future generations and with the rest of species is a critical foundation to prefigure human development. It acknowledges the human economy's dependence on nature; it admits that economy is part of a broader structure – the ecosystem – which supports life as a resource-supplier and waste-drain (Falconí, 2005).

It is not about keeping our natural heritage untouched or frozen in time, which would be an impossible task. It is about protecting it at the adequate levels.

3.2.6. Fraternal, Cooperative and Solidarity-based Coexistence

One of the essential orientations of human coexistence is to build relations that foster solidarity and cooperation among citizens who recognize themselves as part of a social and political community. This objective is consistent with a society that seeks to recover the individual's public and social nature and does not merely pretend to promote the development of a lonely and egotistic human being, as so-called free-market societies do.

Fraternity implies civic motivation: acknowledging the needs and interests of the other; accepting the justice of law and respecting institutions that enable the exercise of a democratic social order, in which each and every individual has an equal opportunity to become an active citizen.

3.2.7. Liberating Work and Free Time

The first and most basic form of freedom generated by work is the possibility to assure one's own autonomous maintenance.

Work distribution is often confused with employment distribution. In the capitalist societies, work is essentially divided into: wage labor, autonomous mercantile work, non-mercantile household work, and community work. In this sense, an egalitarian agenda consists in distributing the entire work load and not only the part performed under wage labor conditions (Riechmann y Recio, 1997.)

The following notion is emblematic of what is sought: "let's work less so we all work; let's consume less so we all consume, with environmentally sustainable criteria to improve the quality of life by taking care of others, of the surroundings, and of ourselves; let us not only question income distribution but the form of production and the products consumed" (Riechmann y Recio, 1997: 34.) Moreover, reducing the workday should not only be considered as a technical instrument to achieve a fairer distribution of work, but as a transformative goal of society, to generate more free time for individuals.

The mode of production must be focused on work, and not based exclusively on the State's property of the means of production, as real socialism proposed, but on a mixed property regime where regulated private property, public property, community property, and collective associative (co-operative) forms of property coexist. This means transiting from an economy of greed to an economy of altruistic solidarity. Being socially efficient means to compete through sharing, and to generate private wealth, but within a system marked by solidarity, reciprocity and social justice (De Sousa Santos, 2007.)

3.2.8. Re-Building the Public Sphere[6]

One of the main problems of the past decades was the privatization of public goods. The construction of a new society evidently demands recovering them. This implies reinstating the idea of public property and services as goods that are collectively and universally produced and appropriated. There is a group of goods to which access cannot be conditioned in any way; and which cannot be converted into merchandise to which only an exclusive groups has access. The State must guarantee unrestricted access to these public goods.

Public matters must return to the fore; something which people have to come to understand as the opposite of secrecy and concealment. In the case of the State, transparency is essential. Otherwise, it may create inequalities in the allocation of resources. Making public matters visible deters relations of domination, which tend to be legitimized by their private nature, in the same way that violence against women and gender violence in general is often the result of secrecy and silence.

The "public" sphere is also related to the spaces dedicated to the interaction between citizens – spaces open to all people, with no exclusions, which do not reproduce the market space of buyers and purchasers.

3.2.9. Representative, Participative and Deliberative Democracy

A democratic State also requires political institutions and public governance which, following plural and diverse structures of representation, allow citizen participation and public deliberation in decision-making processes. Only when due spaces for participation and dialogue are open to citizens, will their public incidence, self-government, autonomous capacity to organize, and interest in public matters grow.

Participative governance entails the presence of active citizens, strong social movements, community associations, citizen alliances, and civil organizations, all working in networks with State agents to deal with local and national matters and challenges. The institutionalization of multiple participation devices is paramount for citizens to gradually influence and control political decisions. At the same time, participation triggers the interest and protagonism of the least favored sectors, which, in turn, bears a positive impact on a fairer (re)distribution of social wealth.

3.2.10. A Democratic, Plural and Secular State

A plurinational mega-diverse State defends the multiple identities which, in continuous

6 For a detailed analysis on the public sphere see Rabotnikof, 2005.

interaction, reproduce a series of complex relations with the nation. The idea of a citizen as the holder of rights is united to the idea of a collective ownership of rights – language, culture, justice, and territory.

Similarly, the notion of a State that acknowledges differences must anticipate specific legal and institutional solutions that enable the effective equality of diverse individuals. In this way, a space is open for specific policies of affirmative action in order to mend the historic advantages enjoyed by certain groups and to anticipate a context of equal opportunities for all Ecuadorians.

In a radical democratic society, cultural and artistic activities must be conceived as symbolic activities that allow the free flow of the expression and capacity for critical reflection of individuals. An essential part of the value of these activities is their capacity to embody the social, cultural and historic specificity around which social life evolves. Cultural activities, therefore, must be guaranteed by the State as public goods. Due to their essentially free nature, their autonomy must be protected from the State's administrative demands and the market's speculations.

The defense of the State's secular nature, understood as the establishment of the suitable legal, political and social conditions for the full development of freedom of thought, is vital for the purpose of guaranteeing social pluralism. Secularism keeps the State and its policies from privileging a specific belief, opinion or view of the world.

Each individual citizen is, thus, considered the sole holder of freedom of thought. This in turn marks the difference between the public sphere – which concerns all the citizens regardless of their intellectual orientations – and the private sphere, and reaffirms the necessary separation between all churches and the State. Public powers must protect freedom of religion and cult, and the freedom of thought with no discrimination whatsoever.

In the exercise of sexual and reproductive rights, the State's secular nature guarantees the respect for autonomous options and promotes the rejection of dogmas. This enables people to live in a context of diversity without intolerance. It also means the State ultimately defends the use of reason, of knowledge and science, always verifiable and subject to perfection, and not non-demonstrable beliefs. People are entitled, therefore, to make their own sexual and reproductive choices, and benefit from scientific advances, based on their access to information and unprejudiced free education.

3.3. Good Living in the Ecuadorian Constitution[7]

The Constitution sets aside the restricted visions of development exclusively based on economic growth and places human beings as the ultimate objective, achieving *sumak kawsay* or Good Living in the process. The Constitution also rejects the false dichotomy between State and market promoted by neoliberal thought, and establishes a complex interrelation between the State, the market, society and nature. The market will no longer be the sole engine that promotes development. Instead it will interact with the State, society and nature.

Good Living is vows for change; a sort of change that is built on a continuous basis in response to the claims made by Latin American social actors over the last decades to strengthen a broader vision that surpasses the narrow confines of quantitative economicism and challenges the notion of material, mechanic and endless accumulation of goods. Instead the new paradigm promotes an inclusive, sustainable, and democratic economic strategy; one that incorporates actors historically excluded from the capitalist, market-driven logic of accumulation and (re)distribution.

Similarly, Good Living revises and reinterprets the relation between nature and human beings,

[7] This section collects abstracts from Larrea, A. M. 2009.

and proposes a shift from the current prevailing anthropocentrism to what we may call biopluralism (Guimaraes in Acosta, 2008). Good Living posits that humans should use natural resources in a way that allows their natural generation (or regeneration.)

Art. 275 of the Constitution emphasizes the enforcement of rights as a precondition for Good Living; and the exercise of responsibilities related to interculturalism and harmonious coexistence with nature. It acknowledges the rights of nature and, in this way, changes the prevailing vision of nature, understood as resources, to another completely different vision whereby nature is "the space where life is reproduced".

The Fundamental Law strengthens the State by recovering its planning, regulating and redistributing role, and as a guarantor of public matters. It is not a simplistic statist vision in which the role of the market is merely replaced by the role of the State. On the contrary, by strengthening and expanding rights and recognizing participation as an essential element in the construction of the new society, the Constitution seeks to strengthen *society* and not merely the State.

For the new Constitution, *sumak kawsay* also implies improving the people's quality of life; developing their capabilities and potentialities; relying on an economic system that promotes equality through social and territorial (re)distribution of the benefits of development; guaranteeing national sovereignty; promoting Latin American integration; and protecting and promoting cultural diversity (Art. 276).

The significance bestowed to diversity in the Fundamental Law is not limited to the cultural sphere; it also includes the economic system. The Constitution acknowledges that the economic system is a social and fraternal system. It does this by incorporating the perspective of diversity of actors and patterns of property in the economic system, and by surpassing the market-focused vision prevalent in the previous constitutional order, which defined Ecuador's economic system as a "social market-economy". In the Constitution, the economy must serve the reproduction of expanded life. This means reverting capitalism's perverse logic which sees capital accumulation as the engine of life. Instead of stressing capital, the new Constitution emphasizes work as a core notion. From this perspective the key is to support the people's economic initiatives from the perspective of work, and for the wealth to remain directly in the hands of the workers (Coraggio, 2004.)

3.3.1. Rights as the Pillars of Good Living

In the new Constitution, the essential innovations concerning rights in the context of Good Living are based on the acknowledgement of the State as a "constitutional body of rights and justice" (Art. 1), versus the notion of the social *État de droit*. This change implies establishing constitutional guarantees that enable the immediate application of rights, with no need for any secondary legislation. The Ecuadorian Constitution also expands guarantees without restricting them to the legal area. There are three types of guarantees: normative, public policies, and jurisdictional (Ávila, 2008: 3-4.) Public policies guarantee the enforcement of rights.

The notion of integrality, which is a key element of Good Living, is ensured in the Constitution by not segregating between rights; and by recognizing them as interdependent and of equal importance and hierarchy (Art. 11, item 6.) No substantial inalienable rights and adjective rights can be overlooked until the former are entirely fulfilled. In this sense, the Constitution challenges the liberal vision of rights borne from the idea of "freedom" (that is, certain civil rights) in detriment of "justice", understood as equality, which was the core of the 1984 Declaration of Human Rights (Díaz Polanco, 2005.)

3.4. Building a Plurinational and Intercultural State

Ecuadorian society is characterized by its cultural and ethnic diversity. However, from its very origins, the State has not been a mirror of society, and has failed to respond to the population's demands, particularly those of Ecuador's

different peoples and nationalities. The construction of a Plurinational and Intercultural State implies the incorporation of peoples and nationalities in the framework of a unitary and decentralized State in which a diverse society can coexist peacefully and the rights of the entire population – indigenous, afro-Ecuadorian, and white-mestizo – are guaranteed.

Given discrimination suffered since colonial times, reparation for the different nationalities' and Indigenous peoples' historic rights through affirmative action and the construction of the Plurinational and Intercultural State (Art. 1 of the Constitution) in order to allow for their full inclusion in the State, is minimal requirement of Good Living.

The terms 'nation' and 'nationality' are used strategically to imprint unity and the notion of a struggle against exclusion and inequality, but in no way do they imply forms of territorial separatism or division.

4. Critical Diagnosis: Three Decades of Neoliberalism, 31 Months of the Citizens' Revolution

4.1. Why Did Ecuador Need a Change in the New Millennium?

This Plan, which is an instrument for social change, is based on an analytical diagnosis of the evolution of economic, social and political processes that illustrate the country's failed development in the last decades. This analysis demonstrates the crisis, the prevailing economic models, the institutional options, and the political decisions at the root of many of the problems of Ecuadorian society.

4.1.1. Backgrounds of an excluding social contract in Republican Ecuador

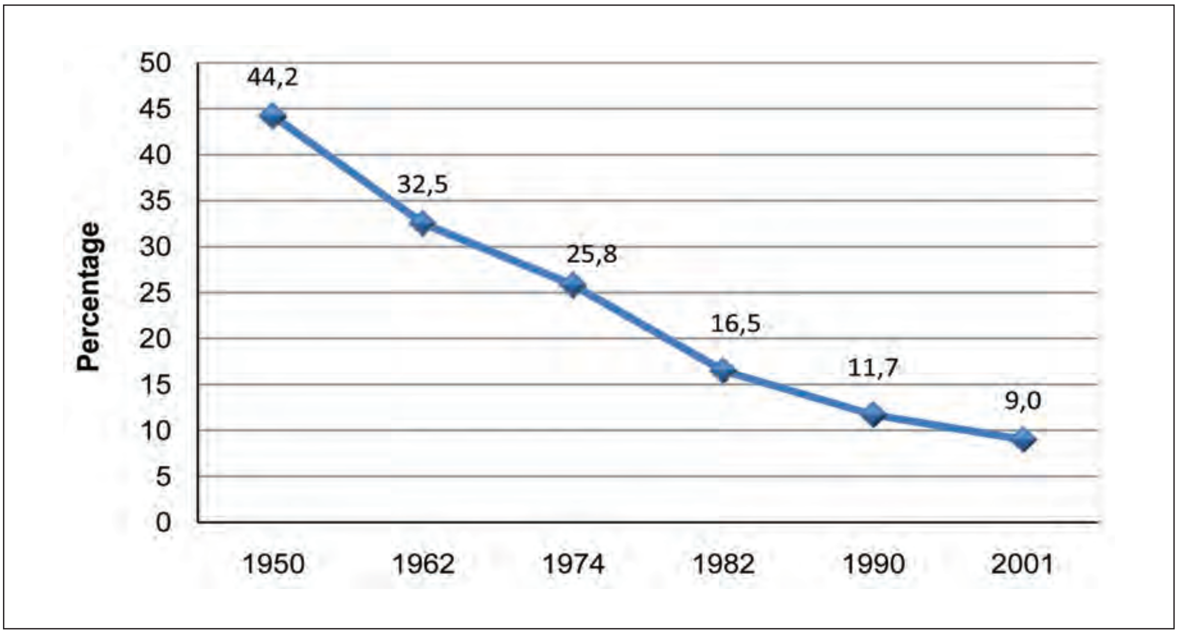
Ecuador's history of inequality is based, among other factors, on constitutional provisions that generated a large part of the population's systematic exclusion. Historian Juan Paz y Miño (2007) argues that, between 1830 and 1929, the successive Ecuadorian constitutions reflected and an oligarchic landlord republic. During this period, wealth became the mechanism for the reproduction of power and the State became the guarantor of the reproduction of the landowning classes.

The 1830 Constitution, in each of its 75 articles, established an exclusive, sexist and racist society. Art. 12 stipulated that, in order to be entitled to citizenship rights, a man had to be married, have 300 pesos in free value, a profession, know how to read and write, and could not be a servant. Art. 68 named parish priests as guardians of the indigenous people since they "are innocent, abject and miserable."

Article 9 of the constitutions of 1835, 1843, 1845, 1852, and article 8 of the Constitution of 1851 reproduced the exact contents of Art. 12 of the 1830 Constitution, except for the amount required, which was reduced to 200 pesos. Only the 1884 Constitution suppressed minimal economic requirements for individuals occupying executive or legislative positions.

The requirement of knowing how to read and write was only abolished in 1979 (Paz y Miño, 2007.) The fact that, in 1950, at least 44% of the population was illiterate, and that in the mid-1970s one in four Ecuadorians could still not read or write (Graph 4.1), excluded a quarter to a half of the population from the political community. Past constitutions, therefore, have been institutionalized mechanisms for social exclusion, segmentation and stratification of the Ecuadorian people.

Graph 4.1: Illiteracy, 1950 - 2001



Source: SIISE, version 4.0, based on 1950 – 2001 Population and Housing Census.
Prepared by: SENPLADES.

Other forms of discrimination were directly linked to religion, gender and ethnic origin, in this case Indian or afro-Ecuadorian. The "Black Charter" issued by García Moreno in 1869 stipulated that, in order to be considered a citizen, men had to be catholic. Black slavery was not abolished until 1852 (Paz y Miño, 2007, 5). Women were granted citizenship and the right to vote almost one century after the republic was established, in the Constitution of 1929.

While the Liberal Revolution (1895) advanced the modernization of the State in areas such as rights, particularly education, it is also true that the State continued to be a guarantor of the oligarchic-landholding elite until the July Revolution in 1925. From then on, State intervention in economic affairs was to be imbued with an instrumental rationality. Civil and political rights progressed gradually, but social rights were guaranteed almost exclusively to formal workers. Thus according to historian, Paz y Miño, the July Revolution and its government propelled Ecuador into a new political landscape. Latin America in the 20th century was to be defined by a capitalist vision of modernization that lasted well into the 1990's.

The 1998 Constitution represented important qualitative progress in the area of civil and political rights. However, with regards to social and economic reforms, the institutional changes clearly endorsed a model of society in which the individuals entitled to rights were either formal workers or people with purchasing power (capable of guaranteeing their own rights). According to this model, the individuals with the greatest potential for social mobility and the greatest potential to guarantee their own rights were businessmen and women, who were seen as agents capable of stimulating the economy and distributing the benefits of development throughout the market.

Ecuador has now had 20 Constitutions. Since the Republican period, with the exception of a brief developmentalist period which had only limited success, the development model in Ecuador has generally consisted of capital accumulation through the export of primary goods

(cocoa, banana, etc.), or non-renewable goods (oil).

The strategy that underlined this process over the last few decades consisted of a rigorous defense of the free market and of private property. According to this model, the (re)distribution of wealth should be filtered through market forces accompanied by focalized social policy in the relevant areas.

The established development model largely excluded Ecuadorians from the formal market, making their rights difficult to guarantee. The notion of rights within this development model was considered exclusively for those who were formally integrated into the formal labor market, or those individuals who possessed a purchasing power that was sufficient to guarantee their rights without the need to be inserted into the labor market.

4.1.2. Dismantling the concept of development[8]

The concept of development evolved around a simplistic definition of growth. The development goals promoted in the South were designed to mimic the industrial processes of the North, which in turn would accelerate the annual growth rate of GDP. This logic was based upon the assumption that natural resources were unlimited, and that the planet's capacity to provide for an ever-increasing population was infinite.

Parallel to these discussions, CEPAL formulated a development proposal based on a strategy known as Import Substitution Industrialization. This strategy hinged on the conviction that a developing country, besides absorbing population growth and labor supply, should produce the manufactured goods it is unable to obtain from abroad as a result of its limited capacity to import goods (UN-ECLAC 1970). Thus, the absence of innovative entrepreneurship suitable for market competition should be compensated for by means of proactive State intervention, State-led industrialization, agricultural reform, infrastructure, and modernization. Industrialization in the southern countries should not be considered to be an end in itself, but a means to harness the fruits of technological progress and increase the standard of living of its peoples (Prebisch, 1996).

This school of economists also believed that southern capitalism held a specific position in the "global system" –characterized by unfavorable conditions for the exchange of raw materials, unequal social structures and disproportionate income distributions typical of countries with low growth levels. A closer analysis of these conditions led to the evolution of the center-periphery thesis, which was very critical of neoclassical economic doctrine. The proponents of the center-periphery thesis thus looked for fairer solutions to global economic problems that would overcome the flaws they saw in neoclassical economic theory (Prebisch, 1987).

However, with the onset of the structural adjustment programs that were implemented in the early 1980's, this development model came to an end, and instead efforts were focused on "managing the crisis" of world capitalism. The crisis, which had seriously set back the US economy, was attributed to the economic strain caused by financing of the Vietnam War, and the rise of international oil prices determined by OPEC in 1973.

The process degenerated further in the 1990's, when the concept of development was replaced by stabilization and structural adjustment programs, which were accompanied by fiscal discipline policies that were considered to be essential to re-launching growth in countries that were affected by persistent macroeconomic imbalances.

Without a serious evaluation of the results obtained, the newer theoretical debates on development hampered any efforts to seriously

[8] This portion of the text is mainly based on the work of Falconí y Oleas, 2004.

pursue the imports substitution industrialization model. The model was written off as a failure on the grounds that excessive State intervention was far worse than market deficiencies. Therefore, unsurprisingly, the solution was seen to be the reduction of State intervention and the liberalization of the economy (Falconí y León, 2003), and thus the greatest problems were left to be resolved by the market. All this was resumed in a brief agreement, the so-called Washington Consensus[9].

While it must be stated growth is clearly preferable to stagnation, and constitutes the basis of the resources required to acquire a better quality of life, it is also clear that the possibility of generating additional income is no guarantee that wealth will be transformed into sustainable human development.

The new phase of capitalism has not managed to maintain growth rates as before; and the income gap between the world's poorest and richest populations has increased continuously. In the South, violent conflicts, hunger, epidemics, and autocratic governments are still the rule. While in the North, protected zones of forests are expanded, in the South environmental deterioration increases (Muradian y Martínez Alier, 2001).

4.1.3. Neoliberalism and the crisis of economic thought[10]

The economic trend that has ruled the theory of development over the last three decades, neoliberalism, is in crisis. Its incapacity to solve global problems is increasingly evident. The objectives that neoliberalism set out to achieve are yet to be reached, i.e. the belief that by prioritizing the balancing of the most important macroeconomic variables in order to re-generate growth.

In effect, the development path that evolved was the product of a purely econometric analysis. Neoliberalism failed to take into the account the more global considerations that offer substantive arguments and "social transcendence" to any serious theory on development. An analytical body that neglects its relationship with the entire social context from which it derives, loses the capacity to propose viable solutions to society's problems becomes irrelevant and redundant.

The route towards a new development agenda starts by modifying the nature and condition of economic analysis and by recognizing the need to give more importance to the organization of civil society and the ways in which it should expresses its democratic sovereignty. A new route towards development should steer clear of such detached economic analysis, and take into account the close relationship that exists between economics and other branches of knowledge such as politics, anthropology, sociology, and psychology.

Abandoning a narrow vision of the economy also demands leaving behind deceptive claims to political neutrality of the type heralded by neoliberalism. It is therefore important that we understand that social reality is entwined with values and ideas that influence public policy options. These ideas must be contextualized in

[9] The Washington Consensus (the product of a conference held at the Institute for International Economics , Washington in 1989) can be summarized as an economic policy model based on fiscal discipline i.e. a sufficiently reduced budget deficit so as to avoid having to finance it through inflation taxes; public expenditure in areas capable of generating high economic revenue and to improve income distribution (prime attention on health, basic education, and infrastructure); tax reform by expanding the tax base and cutting down marginal tax rates; financial liberalization to achieve interest rates determined by the market; single and competitive exchange rates to achieve an accelerated increase in exports; liberalization of trade by substituting quantitative restrictions with duties, which were to be reduced gradually until minimum uniform levels were reached, of between 10% and 20%; direct foreign investment promoted by offering attractive concessions to foreign firms (few regulations and low royalties) ; privatization of State companies; deregulation to facilitate the participation of new enterprises and to increase competition; and to guarantee the low-cost ownership rights to make them accessible to all social sectors, including the informal sector (Achion y Williamson 1998).

[10] This section of the text is mainly based on the work of Falconí y Oleas, 2004.

their historical moment in order to gain a fuller understanding of the issues at hand.

Reaching beyond the boundaries of the neoliberal paradigm demands an understanding of the actors involved in given contexts from a multidisciplinary perspective.

Understanding the specific characteristics of the economic and social policies in Ecuador over the last four decades enables us to identify the priorities that should underlie the construction of a new national development model and to visualize the main guidelines for a new public policy agenda that establishes the foundation for a fair and democratic future for the country. The following pages are devoted to this.

4.1.4. Developmentalism, structural adjustment, and dollarization in Ecuador[11]

Throughout the last four decades, Ecuador passed from a development model focused on strong State intervention and coordination to a model in which the State's regulatory, redistributive, and planning capacities were largely dismantled; a step considered necessary for the opening and the liberalization the market.

The changes in the relationship between the State and the market altered the country's political-economic agenda significantly and, at the same time, modified the configuration of social actors and groups that benefitted from or were impaired by, the effects of such an agenda. However, it is also true that there is a certain regularity and continuity in the "social power matrix" (Offe, 1988), which has enabled the traditional economic power groups to maintain broad margins of influence which have allowed them to have a continuous hand in defining public policies favorable to their private interests.

a. The limits of Ecuadorian developmentalism

In the 1960's, for the first time in Ecuador's history, an accumulation model was visualized as an alternative to the landholding and agro-export-based economy, which had prevailed in the country throughout the 19th century. The new model of accumulation was centered on a developmentalist State that planned and intervened in strategic sectors of the national economy. The process's anti-oligarchic orientation was manifest in the attempt to alter the structure of power held by the landlords in the Sierra. Through agrarian reform and policies that counteracted the influence of both the highland elites and that of the coastal agro-exporting oligarchy, the State devised a new set of industrialization policies that sought to create a modern bourgeoisie.

Industrialization was seen as the principal means to put an end to the excessive dependence on the international market and to the unequal exchange rates. The Import Substitution Industrialization strategy progressively ended in an implicit agreement for social modernization between entrepreneurs, workers, and politicians: "... it actually came to be the first State policy of the Republican Era" (Mancero, 1999: 327).

This wave of reforms was conducted by the middle classes, new professionals and intellectuals who encouraged the State's new role in management, and wanted to strengthen its technical capacity and public planning instruments.

Although these reform policies did not fully comply with the redistributive goals and even preserved certain mechanisms that perpetuated social exclusion, in the mid-1960's the basis for a capitalist development model was consolidated in Ecuador, with the direct participation of the State.

[11] The fourth section of this chapter is mainly based on the works of Andrade P., 2005; Ramírez F. y Ramírez J., 2005; Ramírez F. y Rivera F., 2005; and Falconí y Oleas (2004).

However, the incipient modernizing trends in the economic sector had no counterpart in the political realm. While the State replaced some of the oligarchic mechanisms for political coordination, the democratization of politics remained limited because the Executive power reinforced its authoritarian links with society, and the traditional groups of power kept hold of the spaces that would allow them to have a strategic input in policy-making.

Unlike what happened in countries like Argentina, Brazil, and Mexico, the economic growth model in Ecuador based on Import Substitution Industrialization, together with an active role of the State in the economy's regulation and, particularly, in the distribution of wealth, was not fully consolidated. On the contrary, the Ecuadorian developmentalist cycle preserved the economic growth model at the global level based on primary exports (mainly agricultural and mineral exports.)

Even if, since 1925, the State had increased its capacity to regulate the economy, it failed to acquire sufficient independence from the traditional dominant sectors to be able to adopt public policies that would guarantee sustained and inclusive economic growth based on the internal market. This was a direct result of the strong ties that existed between the State and the landowning classes. It was a political alliance that included the emergent "dependent" urban bourgeoisie and middle classes; excluding, both politically and economically, the popular sectors which, by the end of the 1960's, were predominantly rural.

Capital intensive industrialization promoted by the military governments between 1973 and 1979 through alliances between traditional Ecuadorian oligarchic groups and transnational corporations eroded the working class's capacity to protest by blocking the type of political alliances that in other countries led to virtuous social integration and domestic market growth. The result was an increased dependence on the financial sectors (Conaghan, 1984). Finally, it impeded an important segment of the Ecuadorian population from transforming their needs into market demands.

b. 'Native neoliberalism'

Two periods are evident in the Ecuadorian neoliberal experience: a relaxed period from 1984 to the end of the second half of the 1990's; and a complex one that ended in 2005, after the overthrow of ex- President Lucio Gutiérrez. In the first period, as a direct result of State control, the dominant sectors accomplished targets that were essential for their economic reproduction which included: exchange rate and interest rate liberalization and, most importantly, partial deregulation of the work market and of the financial system.

The difficult phase entailed higher levels of political conflict and turbulence between the dominant elites particularly with reference to the orientation of the State's reform processes. But, above all, there was social resistance from the Indigenous Movement, to the neoliberal policies, particularly the privatization of public companies in the energy and social security sectors. All this gave rise to a difficult and lengthy context of political weakness, institutional instability, and social-economic crisis that divided society and obstructed the development of common orientations regarding an economic structure to integrate and guarantee minimum living conditions for the large majority of the population.

c. The easy cycle of the reforms

With the arrival of a corporate-wise political alliance to power (1984), the main proposals were the country's opening to the foreign market, economic liberalization, and deregulation of the economy and finances. The unfinished priority for industrialization, a legacy of the 1970's, was replaced with emphasis on exports, while the monetary stabilization policy started to disassemble the central planning system.

This period's main paradox, however, was the impossibility of suspending State interventionism. The reduction of the State's role was selective and, once again, it reinforced subsidies to exports-related corporate and productive sectors. In spite of the anti-State rhetoric, tariffs and duties were reinstated for certain imports; prices were again controlled for products that had been deregulated; and controls

were re-introduced to the exchange market. The increased public expenditure was financed with foreign credit and loans from the Central Bank of Ecuador to the government. These measures had a negative impact on the annual inflation rates that bordered 100% by the end of that decade (CORDES, 1999).

Market deregulation was partial and selective; which demonstrated the decisive intervention possessed by certain private agents in the formulation of economic policy, which ultimately led to a "neoliberal nationalization process" (Montúfar, 2000).

Moreover, the proposal that the regime tried to develop was characterized by a personalistic anti-institutional management style with permanent clash between the main State powers. Violent political mechanisms proliferated to repress opponents, such as the special forces and paramilitary groups that violated human rights in a way that had never before been witnesses in the history of the Republic.

The victory of social democracy in 1988 represented, above all, a mayor rejection of the former regime's political administration. The government marked a difference by trying to recover a weakened democratic institutionalism. This, in addition to a more open attitude towards unions and initiatives such as the National Literacy Campaign and a multilateral international policy, were signs of a relative change.

The government insisted on an economic policy of adjustment, this time, under a gradualist more gradually. The plan contained permanent mini-devaluations and occasional macro-devaluations; increased interest rate liberalization and progressive elimination of preferred credit; monthly readjustment of fuel prices; elimination of subsidies and limited wage increases (Báez, 1995). From the juridical point of view, legal amendments were made in the areas of taxes, duties, manufacturing, and labor flexibilization, among the most important, that shored the neoliberal agenda.

However, the regime failed to achieve full economic stability. The difficulties created by the reprogramming of the debt negotiated by the former administration and the speculative effect of this incremental reform, limited the State's ability to respond to the demands accumulated during over the course of an entire decade. The population revealed a considerable reduction in both its political capital and in its power of acquisition. In fact, from 1988 to 1992, average inflation was 50%, and by 1992 it had surpassed 60% (Barrera, 2001).

The adjustment policies implemented between 1982 and 1990 have been described as a "tortuous road" towards economic stability due to a pattern of amendments in which changes were frequently successful, but altered immediately or eliminated in response to a variety of political and economic pressures and, in certain cases, as a result of external shocks or natural catastrophes. While certain elites initiated changes, other pressure groups, economic sectors, political parties and, to a lesser extent, popular protests, tired to hamper them (Thoumi y Grindle, 1992).

The most consistent attempts to advance a structural amendment agenda consisted of a stabilization program that was implemented between 1992 and 1995 in an effort to restore expectations of inflation, eliminate fiscal deficit, reduce exchange rate volatility[12], attract foreign investment, and reduce the size of the State. This agenda was part of the letter of intention negotiated with the IMF to make way for the renegotiating of the foreign debt.

At the beginning of this period the decision was made to leave OPEC, liberalize the exporters' currency sale, and promote the privatization of State companies. The government expressed its decisive will to follow the path of neoliberal

[12] The exchange rate which, following a disproportionate devaluation, was established at a fixed rate, with the intention of serving as an anchor of inflation because of fiscal discipline; and was fixed at 2000 sucres per dollar. This mechanism was similar to that used in Mexico. The Argentinean convertibility (2001) can also be seen as a case of nominal anchor.

modernization. It was clear that it was not a model based on either recovery plans or (re)distribution. The public agenda failed to take into account structural problems, such as income (re)distribution, and the positive effects that were experienced were largely a by-product of relative price stability.

In 1994, the Law for the Financial Institutions was passed to liberalize the banking business. The controlling capacity of the Superintendence of Banks was left to the freewill of the private banks association; "financial groups" were formalized, and insider loans were allowed for up to 60% of the grantors' technical equity. In the following years, the consequences of these deregulating measures were fatal for the country.

Nevertheless, and in spite of the political affinity with the strong parties present in the National Congress, the government was unable to consolidate a sound majority and negotiations with the Social Christian Party (PSC) opened the road to the breakdown of the political system. The reaction from certain public sectors was, however, significant. In view of a weakened union sector, the Indigenous Movement appeared as a strong faction with a convincing political project. The main lines of conflict with the Government were related to the struggle for social security guarantee and the need to expand of policies such as agrarian reform, particularly for peasants. There was a wide-spread rejection of privatizations and to the increase of strategic resource prices, such as gas, oil-derivatives, petrol, and electricity.

The results of the economic policy showed that, by 1994, inflation had dropped to 25.4%; the fiscal balance had a 1.2 surplus in relation to the GDP, and the country possessed reserves that exceeded 1.7 billion dollars. Even economic growth seemed to recover (Araujo, 1999). In this context, the administration sought to advance some structural of the reforms that had been postponed for a long time. Laws were issued to make stock exchange more flexible, to restrict public expenditure, and to facilitate foreign investment in the oil sector by deregulating fuel prices. In addition, economic stabilization came with winding and partial public disinvestment. Ten State companies were privatized for an amount of 168 million dollars (Nazmi, 2001).

The limited consistency of the government's political agreements obstructed the viability of its objectives. Disputes between factions proliferated. However, the country's political conflict was not the sole result of social protests, nor was it the entirely attributable to the presence of the anti-reform parties. In fact, a considerable proportion of political inconformity was due to the disputes among the economic power groups[13].

By the end of 1995, the government called for a referendum "The basic content of the confrontation revolved around the social service system and work deregulation in the public sector" (Ibarra, 1996:19). Around 58% of the voters rejected the reforms and caused the political defeat of the neoliberal agenda. Allegations of corruption against the regime's economic policy added to the failure. After a political trial, the head of the government fled the country. The neo-conservative project, thus, lost its best chance to crystallize.

The problems for the stabilization process had a perverse effect – Petroecuador sunk into the worst defunding of its history. A series of debits to its accounts made by the Ministry de Finance in 1995 left the State oil company with a deficit of around 70 million dollars that year. This, in addition to the administrative management placed Petroecuador in an extremely weak situation of which it still has not recovered. Transnational companies took the lead and national interests were placed under private local and transnational benefits.

[13] Most privatizations determined by the National Modernization Council (CONAM) in areas such as telecommunications or electricity, for example, were not made effective due to such disputes.

d. Neoliberalism's Difficult Phase: From Financial Crisis to the Extreme Nominal Anchor

Between 1997 and 2000, there were five successive governments. Two presidents were deposed and fled the country to evade legal corruption charges. The political crisis, combined with social protests, and conflicts among the elites, sunk the country into a deep socio-economic crisis. The outcome was a hasty self-mutilation of the monetary policy based on the economy's dollarization.

Bucaram's populist government (1996-1997) proved to divert only marginally from the previous economic agenda. Bucaram introduced a reasonably broad set of economic reforms aimed at establishing a monetary convertibility system inspired by the Argentinean proposal[14]. He also included a series of measures that were designed to suppress fiscal subsidies and price hikes; as well as bringing about an aggressive wave of privatizations. The administration introduced significant reforms into both the oil sector, and in social security.

Although this agenda reassured both the corporate sectors and numerous international organizations, it simultaneously sparked political confrontation on two fronts. On the one hand, the traditional economic elites were upset with the government's growing dependence on new trading groups, disconnected from the traditional exclusionary circuits of the Guayaquil oligarchy. On the other hand, the "anti-adjustment" policies generated opposition from within the indigenous and social organizations that had been gradually strengthened over the last few years.

The combination of these factors turned out to have a high political cost, and the regime was quickly worn out. Authoritarian undertones marked the government's political relations with a number of sectors, in an attempt to abate the financing of groups linked to the Social Christian Party. This was exacerbated by the unwillingness to address the evident corruption and inefficiency of senior public officials. Combined, these factors led to the isolation of the Bucaram administration in less than six months. A new wave of social mobilizations culminated in the overthrowing of the regime in February 1997,

Following a weak interim government, the Democratic Christian Party rose to power amidst social and political conflict and economic debacle. The El Niño Phenomena, the irresponsible behavior of the bank control authorities, the effects of financial deregulation, the lack of governance, and wide-spread corruption, led the country into an unparalleled crisis. With the encouragement of the main political parties, in December 1998, the government guaranteed unlimited deposits to the financial system[15].

Since 1999, the two major, recurrent economic problems were the frail nature of the financial system and fiscal weakness. The government's economic authorities set no limit to the assistance it provided to the collapsing banks[16]. In practice, the State's intervention was unable to avoid the sector's insolvency and rather absorbed the private loss through taxes, inflation, and the dissolution of the national currency.

In March 1999, the crisis reached its peak – the "bank holiday" was decreed and savings deposits

[14] A monetary policy that "through legal changes, indissolubly links the monetary supply to currency availability in the international monetary reserve, and establishes the corresponding parity (typically, one to one) between the new national currency and the US currency. In conclusion, a bi-monetary system was to be established in the country" (Romero, 1999.)

[15] In the National Congress, meanwhile, the PSC – parliamentary partner of Mahuad – managed to eliminate the AGD's right to intervene in goods and in the bankers' related companies, and obstructed the granting of immunity to control authorities and prosecute the bankers who violated the law (Revista Vistazo No. 779, Feb. 2000.)

[16] The successive governments since the early 90's had acted in similar ways. In 1996, for example, billions of sucres were spent on saving the Banco Continental, whose owners had fled to Miami (Ecuador Debate No. 47, Aug. 1999).

were frozen. The Central Bank, in turn, pursued its policy of intense currency emission to avoid the collapse of the financial system. In this way, the State situated itself at the core of the recovery of the insolvent financial sectors.

The government assumed that the general reduction of activities, the immobility of investments, the total or partial closure of companies, and the rise of unemployment could be regarded as minor issues[17]. Once again, it gave priority to providing stability to the banking sector over and above the reactivation of productive activities. The power of the economic groups linked to the banking system directly influenced the orientation of the public agenda. After 20 years of performance, the democratic institution had still not reached sufficient maturity to prevent economic interests from translating itself into unrestrained political power.

The year 2000 began with an uncontrollable economic situation and an illegitimate government. In this situation, the dollarization formula emerged as some kind of political buoy for the presidency,[18] rather than providing a technical solution. Annual inflation reached 100% and the value of the currency set by the government to start the "dollarization" topped 25,000 sucres per dollar. Shortly after, the State started administering approximately 59% of the assets, 60% of liabilities, and over 70% of the financial system's equity[19].

The contradiction is evident. If, on one hand, the budget for the social sector was decreased and the focus set on reducing the fiscal deficit; on the other hand, there was a continuous flow of support filtered to the private sector. This caused a perverse effect by increasing the fiscal deficit, that is, the opposite effect to that postulated by neoclassic economists. In the country, the private sector's imbalances and resource requirements have explained the deficit and, thus, the need for continuous fiscal adjustment measures (Izurieta, 2000, in Ramírez R., 2002).

The factors that led to the growing inequality in the country can be understood within this framework. The demands of economic policy, through prioritizing stability through fiscal adjustment, not only turned the social policy into a subsidiary and assistance policy, but also made it unsubstantial for wealth (re)distribution. This is how inequality is explained in relation to the few resources destined to social investment, to expenditure cuts in the second half of the decade aimed at reducing the fiscal burden, and inefficiency in focusing on social emergency programs which never promoted social mobility. As a result, the "new" social policy had almost no impact either on poverty or on the population's wellbeing (Vos, et. al, 2000, y Ramírez R., 2002).

The dollarization gave way to a political repercussion that re-articulated corporate, financial sectors as well as the center-right and right-wing parties around the president's proposal[20]. Even so, indigenous mobilization once again sparked and formed an alliance with the high military command. Indians marched to the capital of the Republic and, on January 21, 2000, Army officers and troops made their entrance

[17] According to the Superintendence of Companies, in 1999, 2500 companies were closed (not only small and medium companies, but even firms in modern and dynamic sectors, such as the banana, shrimp, and fishing sectors). Likewise, open unemployment in the economy's formal sector passed from 9.2% in March 1998 to 17% by July 1999 (Romero, 1999).

[18] A few days before announcing the dollarization, the president himself called his measure as "a jump to nowhere." However, at times when the regime's stability was under threat, and even contrary to the opinion of many officers of the Central Bank of Ecuador, the Executive made the jump to nowhere. Shortly after, the measure was ratified by his successor. Alberto Acosta (2000) recollects the Presidency's uncertainty with respect to dollarization: "Mahuad's Minister of Finance himself recognized in an interview published in Brazilian newspaper 'Folha de Sao Paulo' (17.1.2000) that 'dollarization is a desperate move' (….) CORDES, an organization chaired by former president and Mahuad's political peer Oswaldo Hurtado, stated that it was a 'political move with no technical preparedness' (….)"

[19] Acosta A. 2000: 14; Central Bank of Ecuador, 2002: 43.

[20] Two days after the dollarization was announced, Mahuad's reputation improved. Various parties, including the PSC, the PRE, and the DP-(the government party), announced the legislative backing to the proposal with which its political viability was assured. The corporate and small industries chambers also approved the measure (Revista Gestión No. 67, Revista Vistazo No. 667.)

into to the National Congress. The president was overthrown during the night.

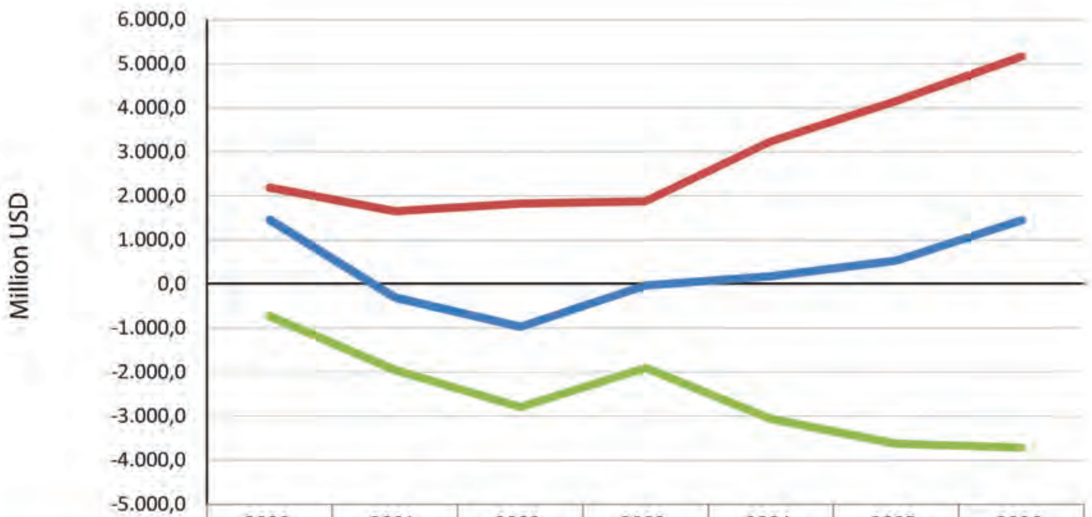
The new government had no participation in the National Congress and, amidst a new wave of social protests led by the Indian Movement, sought to stabilize the economy in the short term by maintaining dollarization and promoting foreign investment in the oil sector. No attention was paid to the other social and economic problems. The frailty of the political situation blocked certain privatization initiatives which were left in to one side, in anticipation of a change of power.

The first moves towards dollarization were not entirely negative due to a favorable international economic conditions, defined by rising oil prices; the increase in the amount of money received in remittances from Ecuadorian workers who migrated to industrialized countries –which incidentally became the country's second largest source of income after oil exports–; and the construction of the new Heavy Crude Oil Pipeline that began in 2001 which financing was the largest foreign investment in Ecuador since the 1960's (Larrea, 2002).

As a result of the relative price unbalance at the time of the dollarization, the capacity of the oligopolies and other economic agents to raise prices, and the partial reduction of some subsidies, revealed high inflation rates. Their persistence and magnitude not only eliminated the temporary advantages achieved by the external sector in the real exchange rate during the months following the dollarization, but also reverted the situation and seriously affected the country's international competitiveness.

The local production's progressive loss of competitiveness seems to the "Achilles' heel" of dollarization. The deterioration of the balance of trade was apparent: it varied from a surplus of 1,458 billion dollars in 2000 to a deficit of 969 million in 2002, and 31 million in 2003. The further results of the balance of trade responded mainly to the increase in oil prices. Positive balances were recorded since 2004, with a peak of 1,448 billion in 2006.

Graph 4.2: Evolution of the trade balance 2000-2006



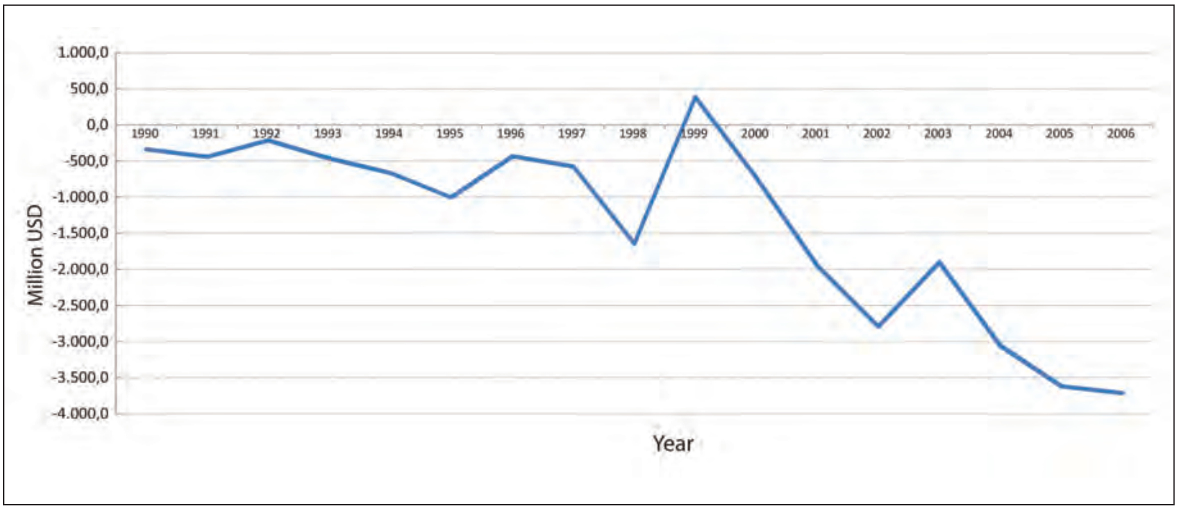
	2000	2001	2002	2003	2004	2005	2006
Total	1.458,0	-302,1	-969,5	-31,5	177,7	531,7	1.448,8
Oil	2.186,5	1.650,4	1.822,6	1.874,0	3.238,9	4.154,9	5.163,6
Non Oil	-728,5	-1.952,5	-2.792,0	-1.905,6	-3.061,2	-3.623,2	-3.714,9

Source: Banco Central del Ecuador.

Prepared by: SENPLADES.

Nevertheless, the non-oil balance of trade recorded a constant deficit since the first year of the dollarization. In 2000, the deficit reached 728 million dollars, and in 2006, 3,714 million dollars. It is thus evident that dollarization has not dynamized exports.

Graph 4.3: Evolution of non-oil trade balance 1990- 2006



Source: Banco Central del Ecuador.
Prepared by: SENPLADES.

Without monetary emission, exports constitute the main source of currency supply. In a context of commercial liberalization, dollarization obstructs any reaction to and the use of instruments that our neighbor economies rely on if their local producers lose competitiveness. The way in which this process was managed translated into a failure to level out the domestic interest rates with the international rates, and to guarantee access to the international financial markets.

Besides, in the political phase that followed, two problems emerged and complicated the monetary scheme's sustainability. Firstly, the regulation of the fiscal policy implemented by the Organic Law for Fiscal Responsibility, Stabilization and Transparency (LOREYTF), issued in June 2002, gave priority to paying and repurchasing the foreign debt; and social investment was restricted by placing a peak of 3.5% of real annual growth. Legal pre-assignments practically reduced the possibility of exercising an anti cyclical policy to zero. If dollarization was a straightjacket for a monetary policy alienated by banking rescue plans, LOREYTF left the Minister of Economy to the role of a public expenditure cashier.

The second problem was less evident but equally or more significant: the extreme nominal anchor failed to change the agents' conduct and distributive problems continued to be managed in the way that they were handled under conditions of relative monetary sovereignty, and taken care of by the issuing Central Bank. The need for currency encouraged private and public actors to advance solve economic problems through the increasing exploitation of natural resources (Falconí y Jácome 2002)[21].

[21] The construction of the Heavy Crude Oil Pipeline (OCP), which crosses different environmentally sensitive zones — such as Mindo — is a clear example of this trend.

A growth rate that was always less than that proposed by those who supported dollarization, increased inequality and social exclusion, as demonstrated by poverty, inequality, wages, and labor indicators. If in the early stages of dollarization these indicators were partially relaxed, the inflexible nature of the monetary scheme was already sending warning signs about the precarious conditions that would be faced by the majority.

By means of conclusion, Ecuadorian economic history over the last decade is less related to development and more related to growth failure. In the long term, the results of the combination of the above-mentioned factors could be assimilated to the model proposed globally by neoliberalism, with evident inconsistencies. This model, in a society of permanent clashes between bourgeois factions, acquires completely original dynamics that could be called "native neoliberalism".

4.1.5. Commercial opening: was the Economy democratized?[22]

Contrary to the electoral promises made, the rise of Sociedad Patriótica to power (2003-2005) in alliance with Pachakutik, the Indigenous Movement's political branch, pursued the same economic policy as their predecessors.

Endorsed by the agreements made with the IMF, the President of Sociedad Patriótica kept fiscal policy as the single mechanism for adjustment in a dollarized economy. He decreed the increase of oil and oil derivatives and public service prices. His foreign policy revealed a suspicious alignment with the US counterdrug agenda, embodied in Plan Colombia. These policy decisions caused the Indigenous Movement to withdraw from the governmental alliance it had joined into, campaigning for the end of neoliberalism. The gradual distancing from electoral offers and the increased perception of authoritarianism and disregard for democratic institutions played an important part in the government's overthrow in April 2005. Once again, powerful citizen demonstrations forced the change of mandate.

Although many of the senior officers of Sociedad Patriótica were military, ex military, and relatives of the party's main leaders, the strategic positions in institutions that were key to maintaining the economic agenda were filled in by individuals with strong links to the country's traditional banking and corporate circles. This has been one of the main strategies used by the powerful groups over the last two decades in order to maintain their spaces of power and control over the economy.

The neoliberal promise of economic growth based on the promotion and liberalization of exports was attractive and easy to implement. The effects in terms of power and resource re-concentration, restructuring and realigning of the powerful sectors of the Ecuadorian economy were particularly evident at three levels:

- A new 'proletarization phase' of the Ecuadorian agricultural sector, altered the composition of the powerful sectors and changed the relations between those sectors and the agrarian workers. While the promotion of exports did not imply an effective expansion and diversification of the country's productive structure, it did contribute to the dynamism of certain segments of Ecuadorian private exports, such as shrimp and flower production.[23] This, however, occurred in adverse conditions due to technological enhancement that took place in the midst of a phase of persistent concentration of

[22] This portion of the document is mainly based on the works of Andrade P., 2005.

[23] Between 1990 and 1998, flower exports' FOB value went from US$ 13,598,000 to US$ 161,962,000, that is, the value was multiplied by twelve; in 1998, flower exports were 5% of the total exports (Larrea, 2004; Korovkin, 2004, the authors quote statistics from the Central Bank of Ecuador), by 1998, the sector had generated 36,000 jobs. In this period (1990-1998), Ecuador went from being a marginal fresh flower exporter to a Third-World producer (World Bank, 2004: 87.)

productive assets. The property of fertile agricultural land was placed in few hands despite the large number of landless peasant families. Likewise, neoliberal labor flexibilization reduced the workers' opportunities to organize themselves into unions.[24]

- From 1994 onwards, the Ecuadorian financial system's internationalization culminated in massive bankruptcy of banks and other financial entities between 1998 and 2000. The deregulation of financial control laws weakened the State's capacity to control the financial operations performed among economic groups and the banks in which they were majority shareholder.

  Although it was the middle-class and the popular classes that endured the main damages of the economic collapse, the relations between the powerful sectors were also changed as a direct result of the economic collapse and the dollarization of the economy. In an economy organized in oligopolies, the groups that were formed constitute the core of the "new powerful sectors," surrounded by minor dependent groups. The dollarization and payment of a heavy foreign debt were clearly the mechanisms that articulated the relations between the most influential political groups in Ecuadorian society at that time. These factors were influential in the decisions that determined that under a new monetary system, the export model was reinstated.

- Transfer of equity and assets (decapitalization) to pay the debt. The available evidence shows that, after the banking crisis and the dollarization that took place in 2000, the key factor in the Ecuadorian economic recovery was the new oil boom. The opening of new oil fields and the construction of the new oil pipeline were possible because of the State's association with foreign transnational corporations and the high international prices. However, unlike what happened in the 1960's, the State had not presently not invested in any economic resources to develop industrial infrastructure, but rather in promoting private primary exports (flowers), paying the foreign debt, and financing imports. The foreign debt payment is directly related to strengthening some economic groups in the financial sector.

  The Ecuadorian people, thus, not only did not receive any benefit from the oil boom's income, but were forced into even greater austerity in public expenditure to create the necessary surplus to pay the public debt.

  Dollarization has influenced and continues to influence the economic strategies adopted by power groups– it has fostered a demand led by the preferences of consumers with the greatest purchasing power, who buy imported products and services provided in many cases by international franchises that are also controlled by oligopolies composed by major economic groups.

In summary, in spite of that fact that the road towards oligarchic domination is not as prevalent as it had appeared at the end of the 20th century, at present, the aforementioned actors and power groups still hold huge de facto power on key segments of the democratic institutions and political decisions in the National State.

The power battles between the most affluent sectors of society created opportunities that led to the appearance of new actors, which united

[24] Banana exports also grew in the studied period due to the conditions resulting from labor flexibilization, among other reasons.

with social movements, particularly the Indigenous Movement and other collective organizations that resisted the structural adjustment policies of the 1990's. They emerged in the form of assemblies, citizen movements and social coalitions that further weakened the legitimacy of the political parties' and demanded the definitive departure from the neoliberal experiment in Ecuador.

4.1.6. A global balance of the neoliberal policy

The above-described panorama leads us to conclude that the growth model implemented in Ecuador over the last 15 years has led to the simplification of national production due to the prevalence of economic sectors that generate income from favorable international prices, at the cost of a national productive structure.

Competitiveness focused on the cost-reduction of labor, and on obtaining extractive income in detriment to the ecosystem: together with market deregulation and an inefficient taxing system that obstructs the collection of fiscal revenue from capital and taxpayers with higher incomes are all neoliberal practices that resulted in the serious weakening of the effective functioning of the State. Needless to say, the State's role as the guarantor of rights, a producer of quality public goods, and an efficient promoter of stable and sovereign human development were paralyzed by the neoliberal experiment.

Consequently, the weakness of both the State institutions and of the productive apparatus was evident by the end of the last century due to its incapacity to adequately confront adverse factors, such as El Niño (1998) and the banking crisis (1999). Both events determined an increase from 12.84% to 52.18% in the rate of poverty experienced by the country's population between 1995 and 1999. Six years later, in 2006, the nominal stability expected from dollarization permitted poverty and extreme poverty rates to return to levels similar to those recorded one decade before. However, given the population growth over the last 10 years, at present there are more poor people in absolute terms (Chart 4.1).

Chart 4.1: Evolution poverty and extreme poverty in consumption, 1995 – 2006

–as a percentage of population–

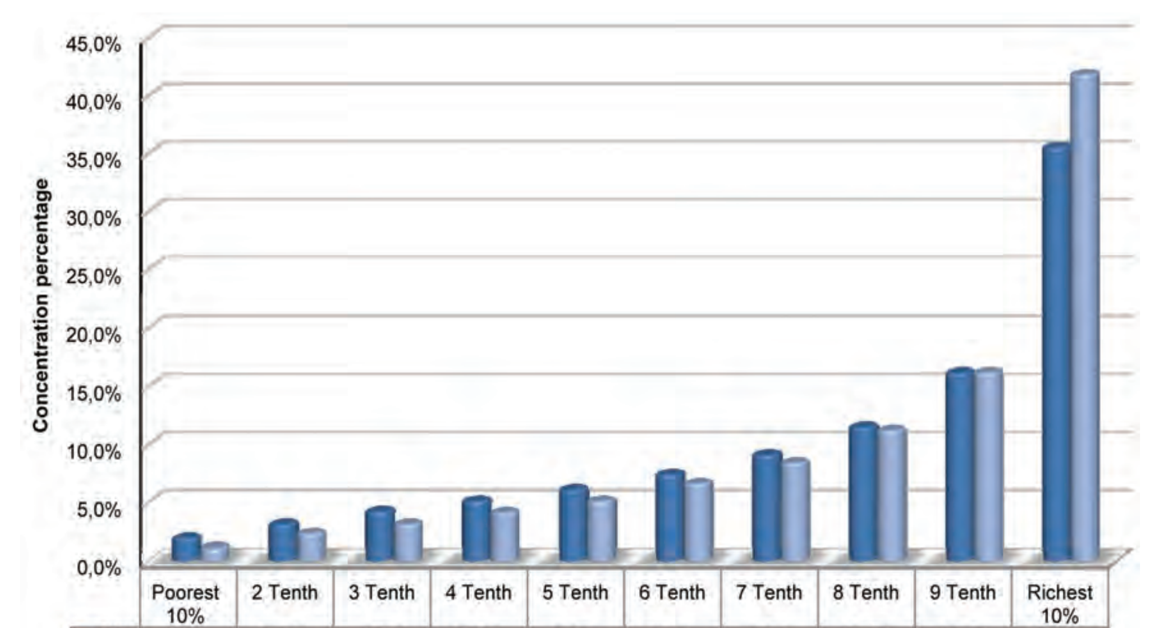
Territorial Level	1995		1998		1999		2006	
	Poverty	Extreme Poverty	Poverty	Extreme Poverty	Poverty	Extreme Poverty	Poverty	Extreme Poverty
Region								
Coast	36,1	9,1	46,4	16,3	52,9	16,0	40,1	10,9
Sierra	41,7	18,5	42,2	21,8	51,4	24,7	33,8	12,2
Amazon	60,6	23,8	50,0	22,3	n.d.	n.d.	59,7	39,6
Area								
Rural	63,0	27,4	66,8	33,9	75,1	37,7	61,5	26,9
City	23,0	4,1	28,7	7,8	36,4	8,0	24,9	4,8
National	**39,3**	**13,8**	**44,8**	**18,7**	**52,2**	**20,3**	**38,3**	**12,9**

Source: SIISE-INEC, based on INEC, ECV. Several years.

Prepared by: SENPLADES.

The problems resulting from the natural disasters, the financial crisis, or the change of currency did not have a symmetric impact on the population. According to ENEMDUR, between 1990 and 2006, only the highest income strata did not experience any setback in their per capita income; while the first eight tenths of the population systematically saw their income perception levels fall. Throughout the mentioned period, social polarization is clear (graph 4.4): while in 1990 the difference between the richest 10% was 18.6 times higher than the poorest 10%; in 2006 this difference is 28 times higher (Ramírez R., 2007).

Graph 4.4: Concentration of household per-capita income



	Poorest 10%	2 Tenth	3 Tenth	4 Tenth	5 Tenth	6 Tenth	7 Tenth	8 Tenth	9 Tenth	Richest 10%
1990	1,9%	3,1%	4,2%	5,1%	6,1%	7,4%	9,1%	11,5%	16,2%	35,5%
2006	1,1%	2,3%	3,1%	4,1%	5,1%	6,6%	8,4%	11,2%	16,2%	41,8%

Source: ENEMDUR, 1990-2006.
Prepared by: SENPLADES.

As mentioned above, the period of liberalization was conducive to better qualified labor which, in turn, increased the wage gap between qualified and un-qualified workers. Additionally, this contributed to an increased concentration of income and inequality as described above.[25]

Growth, interpreted in an abstract sense[26] and macroeconomic stability are necessary but do not translate automatically into poverty reduction. Furthermore, growth and macro stability should not be considered to be development objectives per se, but rather be understood as instruments that need to be articulated to the benefit of the poorer sectors of society. i.e., they must simultaneously take into consideration mechanisms for the inclusion of the country's most vulnerable groups

[25] This process appears not to have changed very much, in as much as the average level of education amongst employee devoted to export-related activities (the so-called tradable sector) is almost 4 times higher than that in sectors devoted to covering the internal market (economy's so-called non-tradable sector).

[26] The term abstract growth implies that it does not create a productive structure capable of integrating national labor and promoting national sovereignty versus variations by external factors.

into both the social and the productive infrastructure of the State.

Household income and consumption have not been distributed equitably; this has deterred added-value growth and the possibilities for the expansion of the national economy. However, production has also undergone an industrial concentration process that has benefited price-fixing companies to the detriment of price-taking companies[27]; it has limited real competitive conditions; and obstructed transparent market practices and the expansion of formal, well-compensated, and inclusive labor demand. The industrial concentration in Ecuador, as measured by the Gini coefficient, proves that industrial production is in the hands of a few companies (Chart 4.2).

Chart 4.2: Industrial concentration 2005*: The Gini Coefficient**

Description	Beverages(1)	Milk Products(2)	Trade(3)	Hotels(4)	Construction(5)
Sales	0,9651	0,9507	0,9411	0,8828	0,8015
Assets	0,9519	0,9434	0,9412	0,9211	0,8948

* Branches selected at random.
** The Gini coefficient is a statistic measure for distributive inequality that varies from 0 to 1. The more close to 1 the more inequality; and a hypothetical fully equitable distribution would be 0.
(1) Thirty one companies of which seven reported no sales.
(2) Ninety seven companies of which 46 reported no sales.
(3) Eighty companies of which 18 reported no sales.
(4) First one hundred companies in sales.
(5) First one hundred companies in sales.

Source: Producto Indicador, 2005.

Prepared by: SENPLADES.

While it can be said that the external sector drives economic growth, it is also true that the type of economic growth that is generated is disproportionately distributed throughout the country, and thus not conducive to development.

In spite of the fact that the strongest period of the economy's liberalization gave relative importance to the productive apparatus's tradable sectors (those able to trade in the international market), over the last decade these sectors experienced only limited increase in productivity. Between 1992 and 1997, there was a 2.4% increase on all tradables and 1.3% for non tradables, excluding oil. Simultaneously, branches with intense capital use – oil (tradable), electricity, and water (until then non-tradable) – experienced significant growth in their productivity (8.5% and 13%, respectively.) However, demand for labor in these areas only reached 0.7% of the total demand for labor in non-agricultural sectors. Meanwhile, non-agricultural non-tradable activities that reached 82.7% of the total non-agricultural labor demand underwent a fall of 0.9% in their productivity (Vos, 2002).

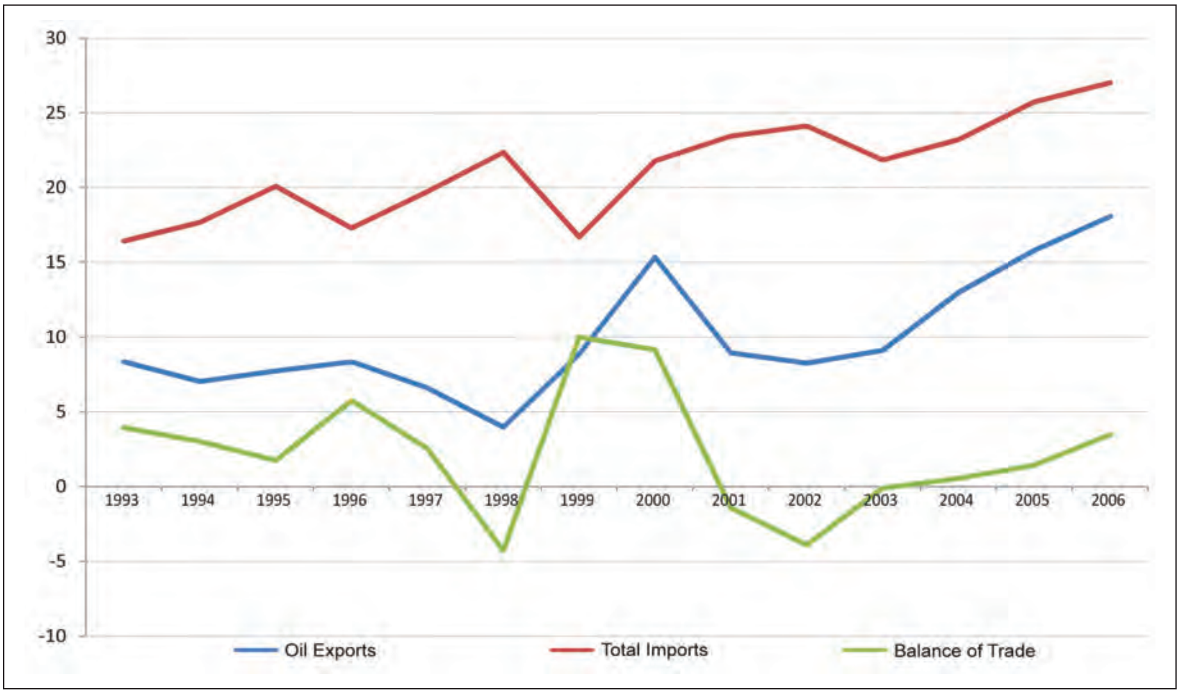
While these data tell us about two lost decades vis-à-vis development, there is also an illusion of growth that stemmed from the country's housing crisis after the banking rescue, fostered by the elites in 1999 to support a sector that suffered from huge management deficiencies and broad discretionary margins and interests linked to the management of citizens' savings.

[27] Price-setting companies are monopolistic entities that increase their products' prices without facing a significant reduction in demand. Price-taking companies, on the other hand, are small companies that have no major influence on the market's price determination.

Since 2000, the main argument to keep dollarization was based on the need for increasing exports to finance the external balance in a general scenario of economic liberalization. The results show this strategy's failure. Between 2000 and 2005, the Ecuadorian economy's opening index increased from 0.748 to 0.812 which, according to the prevailing orthodoxy would indicate an appropriate evolution. The balance of trade, however, declined. The actual increase in imports was equivalent to 45.1%, but exports only grew 34.1%, particularly due to the increase in international oil prices, a variable which is completely uncontrollable and hinges almost entirely on external factors (Graph 4.5).

Graph 4.5: Exports and imports 1993 - 2006

–as a percentage of GDP–



Source: Banco Central del Ecuador.

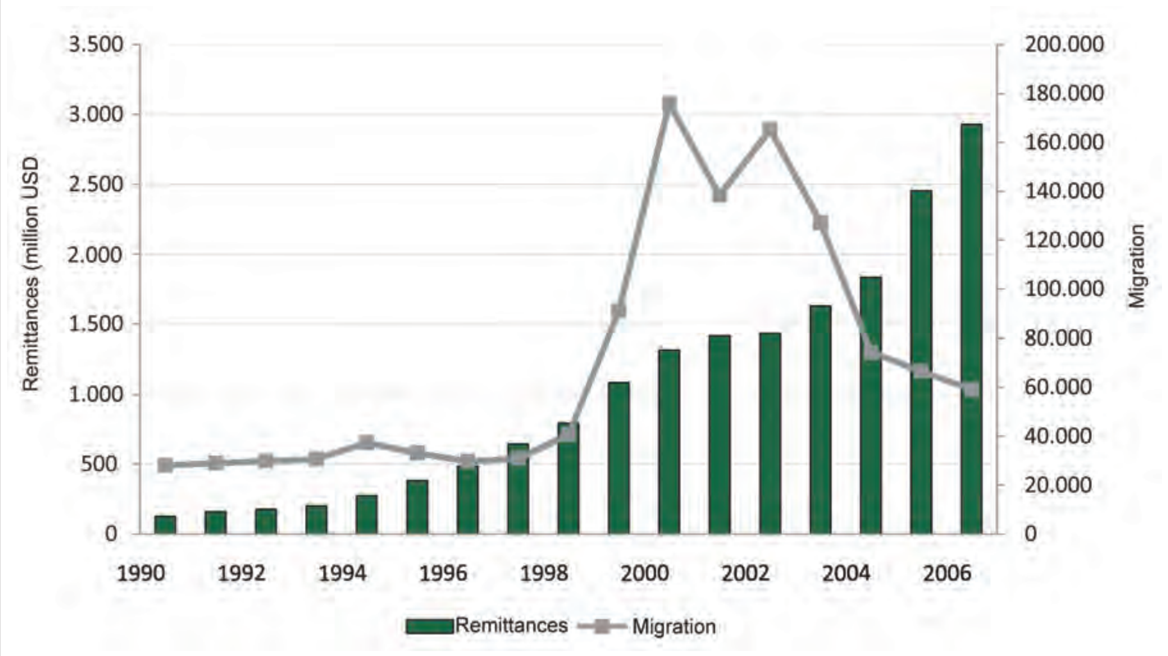
Prepared by: SENPLADES.

The prompt increase in imports and the slow growth of non-oil exports explain the limited possibilities of generating dignified work. This contributed to the deterioration of living conditions through unemployment, underemployment, and a real decrease in wages.

While the surge in oil exports contributes to sustain fiscal expenditure, it is not a real option for labor growth since the small amount of work generated in this activity largely depends on capital. Ultimately, such openings, which have been negative since 2001, are supported by the remittances sent from abroad by workers who have fled the country (Graph 4.6).

Society has endured the consequences of the structural adjustment imposed by the coalition of external political and economic forces, and the national elites who did not have a project of their own beyond accumulation and defending their privileged positions. The effects are indisputable: an increasingly fragmented, polarized society in which the deterioration of many people's lives is evident; a society that is increasingly and unfairly intransigent, and inclined towards continuous political instability and conflictive issues.

Graph 4.6: Income from remittances and migration 1990 - 2006



Note: The 2006 data on migration flows are collected until September.

Source: Banco Central del Ecuador, Instituto de Estadísticas y Censos.

Prepared by: SENPLADES.

4.1.7. Ecuador's challenges in the world crisis

Crises are part of the system. Over the last 200 years, there have been 23 economic crises in the so-called First-World countries. The current crisis is not only financial – this has been the last visible characteristic. It is also a crisis of ethics and trust, a food crisis, an energy and an environmental crisis, and most relevant, a crisis of the entire capitalist system. The international financial crisis was accentuated in the eyes of the world when the US financial market collapse, and spread its effects to the rest of the world. The South, which has no responsibility for this crisis, is now its victim.

Within the context of neoliberal policy, the logical solutions to this crisis would have been political, pro-cyclical, and fiscal austerity measures. In the commercial sphere, a senseless and indiscriminate liberalization would have been put in place and adjustments would have been made through the flexibilization of labor.

Ecuador has faced the crisis by implementing measures that respond to a new post-neoliberal vision: anti cyclic measures aimed to keep the poorest sectors from being affected. The Government has designed policies to protect the country from the crisis – short-term policies to confront it and medium- and long-term policies to promote a different model for generating wealth. In this way, we have taken steps to avoid the country's vulnerability. Had there been more time to reap the results of this macroeconomic policy, this crisis would have affected us much less.

The immaculately timed efforts made by our country to recover the State's role since 2006 must continue. They must be strengthened and prioritized in two ways: firstly, through the efficient use of public resources that have been diminished by effects of the crisis; secondly, by strengthening national support for the agenda for reform contained in this Plan so as to pass over the crisis without affecting the poorest sectors of society and without sacrificing the main objectives of Good Living or the State's transformation.

Additionally, in the economic arena, it is clear that the crisis will influence the cash flow and

this will be reflected through restrictions imposed on the post-neoliberal program. Accordingly, budget re-programming must be accounted for in the short, medium, and long terms, in order to guarantee a consensus on the priorities that should define the process and an efficient use of internal resources applied to the national development strategy. Finally, efforts must be made to find the required external financing sources (multilateral, regional, or bilateral) with respect to national sovereignty.

Regarding income, expanding the tax reform will be an ongoing challenge based on the understanding that no strong distributive incidence is possible without a sound collecting capacity.

The need to maximize oil reserves and diversify production, including the generation of added value for primary goods and market diversification, are urgent measures that must be undertaken in order to reduce the effects of the formerly described external shocks.

Regarding expenditure, the reduction of bureaucratic administrative transaction costs must be promoted in order to facilitate the implementation of public policies.

In what concerns the regulatory function, the consolidation and implementation of a new financial architecture that incorporates a variety of popular finance initiatives should be considered a priority. In addition to this however, it is also crucial to have transparent and agile fiscal management; to reduce economic insecurity; and allow for the re-launching of long-term private initiatives (particularly within the popular and solidarity economy, but also in the corporate economy) in order to protect labor and reactivate production within previously excluded sectors of society. These measures are vital if we are to tackle the problem from the root, and thus to reactivate the people's economy. The role of the IESS Bank, the re-launching of the capital market, the Financial Security Network, and the new responsibilities set for the public banking sector, all form part of this new financial architecture.

The search for an intelligent and sovereign insertion of the commercial sphere into the international arena must be considered. While in the short term the main challenge involved keeping spaces open in existing markets; the medium and long term goals must be to diversify the markets. The type of insertion that Ecuador strives to achieve prioritizes South-South integration, and the efforts to consolidate UNASUR. The underlying challenge is to continue supporting the agenda of the countries that are seeking to establish new rules of the game to establish a different international power balance.

In view of the possible *war of devaluations*, a legitimate and operative exchange safeguard mechanism, with border control measures, needs to be incorporated within the international regulations to block the entrance of products that could harm the national production in a timely manner.

The negotiation of agreements resembling free trade agreements must be prevented in order to successfully foster an endogenous economic model for Good Living. Likewise, efforts should be made to strengthen Ecuador's case in the legal battles it faces against international corporations: thus the value that is at stake is equivalent to the entire annual budget in Ecuador, thus limiting further possibilities to bring about much needed change.

Politically, bad management of the crisis would signify falling into the hands of the opposition; therefore, political management must be focused on building a strategy that prevents anti-crisis measures from falling into chaos. General rules must be firmly set in place so as to reconfigure a model that is not only conducive to good governance, but also to the ongoing construction of the national development goals.

4.1.8. Demographic Trends

A long-term strategy needs to take into consideration demographic trends and variations throughout a given period.

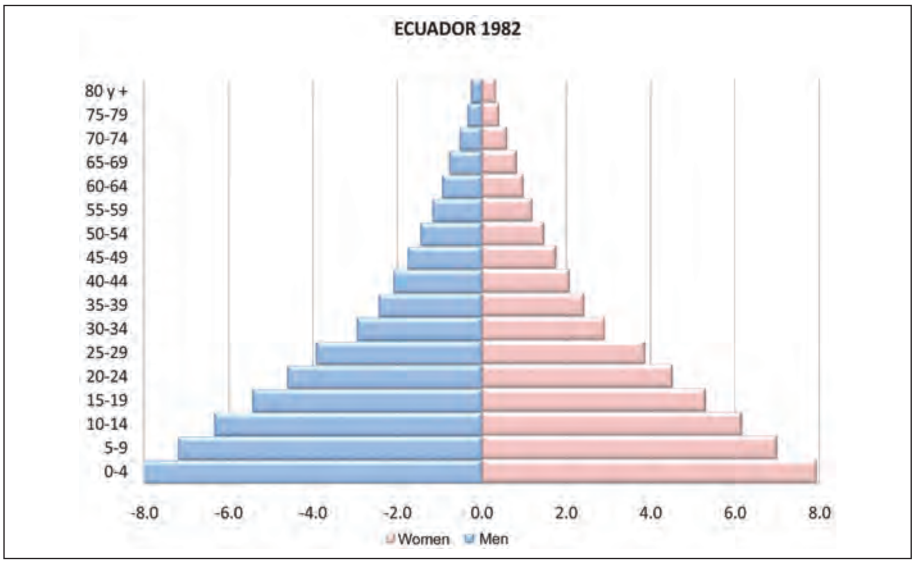
According to the projections, by 2025 Ecuador's population will have reached 17.1 million inhabitants. It is expected that the growth will slow, reaching an average annual rate of 1.1% after 2020; the fertility rate is expected to be 2.1

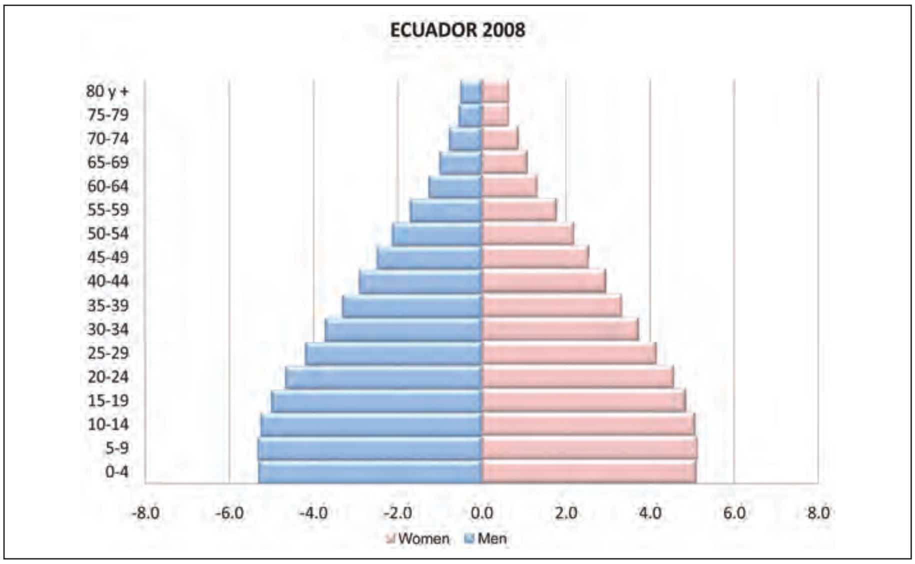
children per woman. A larger population is, thus, expected but with a slower growth rate.

Simultaneously, life expectancy at birth is expected to reach 77.5 years; and child mortality rates are expected to drop by almost to half, i.e., from 20 to 11 thousand live births between 2008 and 2025. As a result, the balance between the different age groups will change significantly.

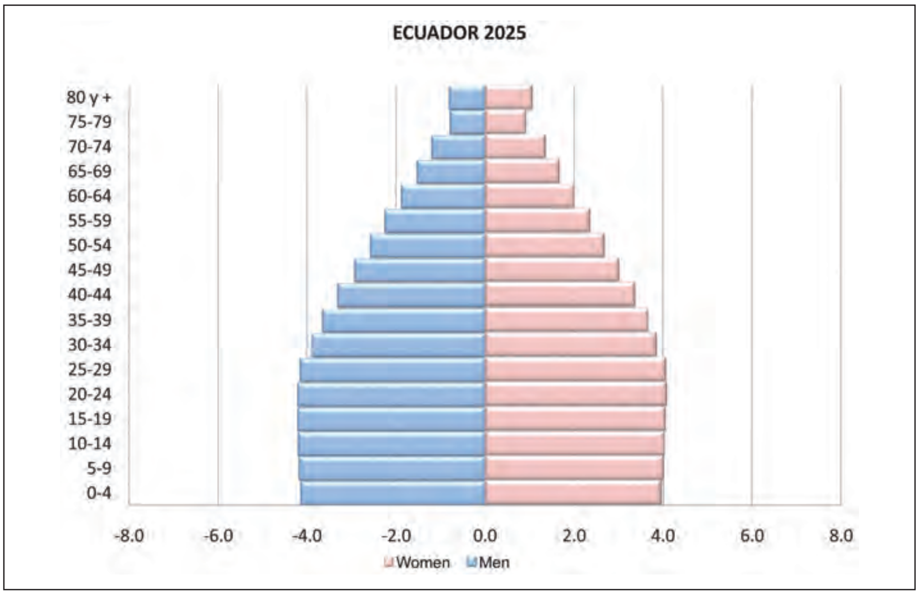
The relative importance of the population under 15 will drop from 31.2% to 24.5%; while the population between 15 and 64 will rise from 63 to 66%; and the population 65 years and older will rise from 6 to 9.3%[28]. In other words, we are confronting a more accentuated demographic ageing process, as the following graphs, which illustrate the Ecuadorian population evolution pyramids since 1980, show.

Graph 4.7: Population distribution per sex and age, 1982; 2008; 2025





[28] Projections also show that, resulting from the sustained drop of fertility and the progressive increase of the population's life expectancy, the demographic aging rate will almost duplicate its figure between 2008 and 2025 – at present, per 100 persons under 15 there are 27 individuals 60 and over; by the end of the first quarter of this century, there will be 54.



Source: INEC-1982 Population Census, Population Projections 2008 & 2025.
Prepared by: SENPLADES.

The change in the pyramid means that the population of working adults will increase, while the population under 15s will decrease[29]. This will create a so-called "window of opportunities", i.e., the period when the main growth of the population in working ages enables an increase in national production and wealth through the progressive incorporation into the labor market[30].

Additionally, the changes in the age profile will lead to important changes in economic consumption. During the next 17 years, the average annual growth of goods and services demanded by the population under 15 years old is likely to turn negative (-0,1%.) Meanwhile, the demand of the population between 15 and 64 years old will rise at an average annual rate of 1.5%; and that of elder adults is expected to reach an average annual rhythm of 2.4 times higher than the former level (3.8%).

As with consumption, the demand for health services by the older adult population's will grow at a significantly higher rate than that of the population ranging between 15 and 64 years old (3.8% versus 1.9%, respectively); and that of persons under 15 years old will turn negative (-0,2%).

According to projections that estimate that the percentage of the population from 5 to 14 years old will start dropping from 2010 onwards, demand for basic education is likely to start dropping as well. Regarding secondary education, the population between 15 and 17 years old will increase by 2015, and decrease thereafter. Unlike the former sub-groups, the population that is likely to demand higher education, i.e., those between 18 and 24 will increase and will reach 1,983,000 persons by 2025. Therefore, significant emphasis must be placed on higher education, taking into

[29] In absolute terms, the population under 15 will drop in around 108,000 individuals (average of 6,300 persons per year); while the population in working and elder adult ages will increase in 2,600,760 persons.
[30] In this context, the demographic dependence rate will record a sustained drop of around 51% by 2025.

account the increase in the Economically Active Population.

In fact, projections suggest that the EAP will increase at an average annual rate of 2.2%[31]. This means that every year, an average of around 170,000 persons will be incorporated into the labor force. If this is the case, 154,000 annual jobs will need to be created just to maintain the current unemployment rate at around 7%.

4.2. 31 Months of the Citizens' Revolution

4.2.1. The Political Change: A Democratic Severance from the Oligarchic Domination

On April 27, 2009, 51.99% of the voters ratified the political project of *Movimiento Patria Altiva y Soberna* (PAIS) and, in an unprecedented victory; candidates Correa-Moreno were elected in the first round for the period 2009-2013. After 10 years of political instability and social unrest, the Ecuadorian people chose to hand over power to a movement that embodies not only high hopes for change, but a movement that offers real possibilities for change enshrined in a progressive, humane and integral understanding of what constitutes development.

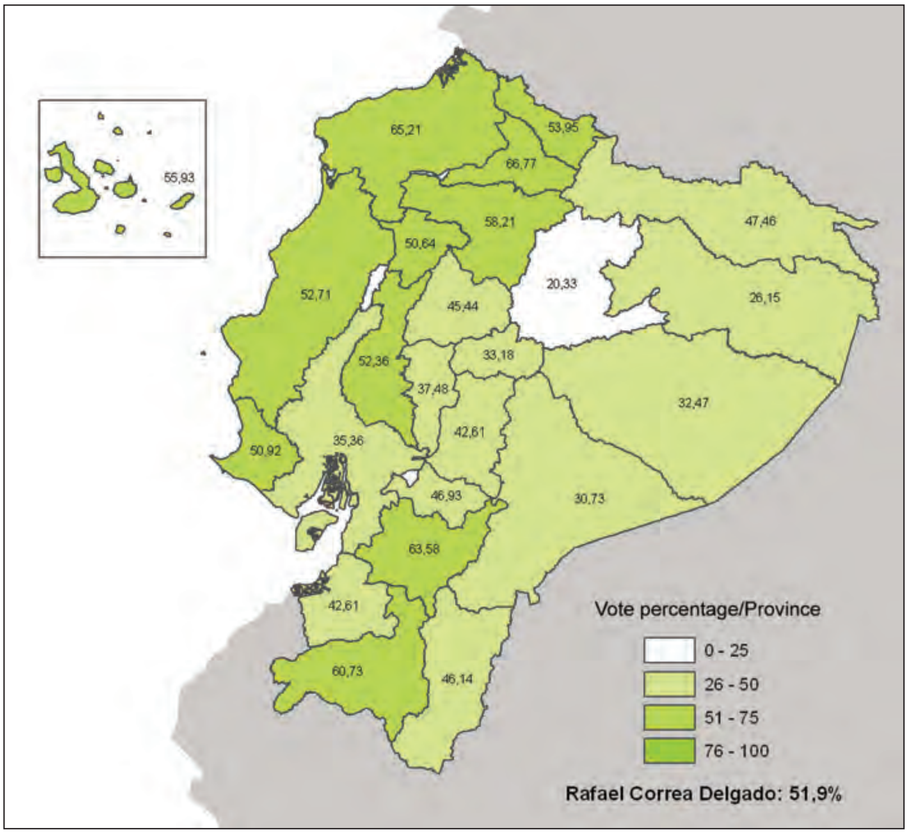
Prior to the elections in April 2009, the people voted in favor of the proposed changes on three separate occasions: the referendum for a Constituent Assembly was ratified; the representatives to the National Assembly elected; and the approval of the Constitution was put to the vote.

The ratification of the political project proposed by Government of the Citizens' Revolution, by means of constitutional reform, is what gives legitimacy to the major reforms needed in order to transform the society's economic model. The founding idea on which the project is based, gives way to a new way of visualizing the coexistence between economic, political, social and environmental dimensions of society. Each of the electoral opportunities has clearly demonstrated, through direct participation in the ballots, that there is mass support for the both for State's proposal for structural transformation, and for the conception of a new model for development.

Furthermore, for the first time in thirty years, the territorial distribution of votes did not reflect the country's historic regional divisions (Coast/Sierra, Quito/Guayaquil.) The option of change won even in the city of Guayaquil – where the right-wing PSC has controlled all local power networks for the last 15 years – and throughout almost the entire the national territory (Map 4.1.)

[31] Between 2008 and 2025 the percentage of EAP will rise from 6.3 million to 9.1 million individuals.

Map 4.1: Results of the 2009 Presidential Elections



Source: Consejo Nacional Electoral.
Prepared by: SENPLADES.

As shown on the map, the project of the Citizens' Revolution has sound nationwide support and, hence, has managed to break the backbone of the political domination held by the traditional power blocks in Ecuador over the last two and a half decades. The legitimacy of the presidential leadership and the citizens' increased skepticism towards traditional political party structures has markedly changed the correlation of forces. The oligarchic groups and the powerful economic sectors have lost most of the grasp that they once held on State institutions. Democracy can only be affirmed when economic power is clearly separated from political power. Six consecutive and successful national elections in less than three years, through legal and legitimate processes, open the possibilities for disputing the de facto power. This could perhaps be considered to be the main achievement of the Citizens' Revolution over the last 31 months.

4.2.2. Post-Neoliberal Perspectives

Thus, we are at the beginning of a new cycle for radical change that seeks new answers to Ecuador's structural problems. This new cycle looks towards the construction of a new collective identity founded in principles of sovereignty and equality in order to ensure the Good Living of the entire society.

The complex constellation of historical factors that have been analyzed throughout this text do, indeed point towards the need for a serious in the change policies needed to bring about development. Indeed, it may become evident that a crisis was necessary to create opportunities that would engender a new agenda for development, particularly in the South. It is clear that the 21st century has provided hospitable conditions for the advance of neoliberalism, with power still concentrated in the hands of a ruling transnational capitalist class that have a

direct control over the financial capital circuits and the western global corporate sectors (Harvey, 2007).

Paradoxically, since the first signs of the current economic meltdown, the national economies of a number of countries, even in places where the neoliberal creed still seems solid, have turned their eyes to State intervention as a way to sustain and reactivate credit, production, and demand and, thus, save the financial system.

Even before the outbreak of the financial crisis, a number of Latin American countries had already moved towards a public agenda that was seeking to dismantle neoliberal policies. As a matter of fact, at the beginning of the 21st century, new progressive political coalitions had come to power by capitalizing upon the population's disenchantment with market-oriented policies. Uneven and fragmented modernization processes and low economic growth increased poverty, reproduced inequalities, and dismantled the State's universal social service provisions. This receding state presence began to manifest itself in social resentment and indifference towards political institutions. Hence the victory of political coalitions seeking to strengthen the role of the State in the provision of social services is unsurprising. This tendency is reflected in the electoral participation of large sectors of the popular and middle classes (Ramírez F.; 2006:30-44).

Re-launching public participation within the framework of a strong State, along with the return to a strong focus on more inclusive notions of development, are signs that point towards the establishment of a post-neoliberal cycle in economy. This turn is characterized by policies focused on the (re)distribution of wealth, the reconstruction of key institutions and State capacities to activate an unorthodox road to development.

4.2.3. Meanings and Progress of New Public Action: the Constitution as the Horizon

In the 31 months that have elapsed since President Correa took office, the State has regained considerable significance. The domestic agenda has been focused on re-establishing the State's capacities in the fields of development planning, regulation, and control of the economy's strategic sectors, as well as of the distribution and (re)distribution of social wealth. In the sphere of foreign policy, a geopolitical strategy has been advanced to promote different processes of regional integration and international, sovereign insertion into the global system.

Preparing and activating a new public agenda has however, generated intense political disputes with the traditional elites (including corporate sectors, banks, financial circles and the media), and other prominent political parties all of which are associated to the prevailing liberal ideas. Even different State agencies, public corporations and other sectors associated with the old order have challenged and openly blocked the extensive expectations of change endorsed by the new Government. The anti-systemic strategy and the anti-neoliberal ideology promoted by Rafael Correa since the beginning of his electoral campaign in 2006 has consistently placed him in a position that is diametrically opposed to the established power.

Supported on the grounds of sound popular support and benefitted by the party system's huge weakness, Rafael Correa's political movement, Alianza País (AP), and the Government struck a number of blows to the structure of power that has characterized and underpinned the State and national development since the 1990's. The regime's political decisions thus position him outside of the hegemonic battle between the two dominant political groups that have disputed power since the return to democracy in 1979: the economic interests articulated around the Social Christian Party (PSC) which, at a given time, also comprised Izquierda Democrática (ID) and Democracia Popular (DP); and those represented by Abdalá Bucaram, Álvaro Noboa, and Lucio Gutiérrez.

The Government has successfully confronted this broad power block. The State's confiscation of almost 200 assets from the powerful Isaías Group (September 2008) and the collection of this group's public debt reaffirmed the Citizens'

Revolution's defense of public interests and its anti-oligarchic vocation. In this sense, an effective rupture from the traditional matrix of social power is evident.

It is in this scenario that the constitutional project, ratified on September 28, 2008, emerged. The Law is characterized by the following principles:

- The establishment of a social economy based on the principles of solidarity.
- The reconstitution and rationalization of the State.
- The decentralization of the State.
- The recovery of public planning.
- The strengthening and generation of environment regulations.
- A commitment to the rights of nature.
- The acknowledgement of a plurinational State.
- The promotion of social participation and citizen empowerment.
- The construction of a constitutional State.
- The expansion of rights.
- The conception of a development model that distances itself from traditional neoliberal creed.
- The predominance of civil over military power.
- The expansion of universal suffrage to expand the right of vote to the political community by empowering youngsters over 16, Ecuadorians living abroad, foreigners, imprisoned persons who are awaiting trial, policemen/women, and the military.

The Constitution thus contains the demands and interests that have emerged from popular struggles against neoliberalism. The singularity of the ongoing political process has been characterized by new directions of change and political rupture with the "old order" that have now acquired a constitutional statute. Thus, the claims of a hugely diverse cross-section of society have been converted into the axes for long-term political change.

Besides the rejection of political parties and the demand for increased social participation and democratization, this ideological field expresses more demand for the State and less prevalence of the market "in the road to development" (Chart 4.3).

Chart 4.3: Citizens' perceptions of State and market in Ecuador: 1998 - 2007 (%)*

Description	1998	2000	2002	2003	2004	2005	2007
Relies on the market economy	73	61	54				44
The market economy is the only system to develop the country				45	51	59	40
Private companies are essential for development					66	59	43
The State can solve all problems	25	30		23		20	38

* The consulted source does not show data for every year.

Source: Latinobarómetro, 2007.

Prepared by: SENPLADES.

Along with the political ideas detailed above is the urgent need to re-launch the State as a pivotal actor in the regulation of the economy and in the reactivation of the productive sectors. Based on some of the ideas of Bresser Pereira (2007), this new approach could begin to recover give greater importance to the following factors:

a) the need to collectively build a national strategy for productive investment, innovation, employment generation, and social inclusion;
b) the idea that, historically, investment financing has essentially comprised national capitals and domestic savings, and not, as the orthodox creed says, external savings and the transfer of capitals from rich countries;
c) the conviction that stability must not only relate to prices, but also to competitive exchange rate and a moderate interest rate so as to provide reasonable employment levels and not be exclusively dedicated to attracting capital;
d) the need to keep a certain fiscal balance that largely differentiates it from the developmentalist phase of the 1950/1980 cycle in order to maintain the role of State as the main instrument for national development (public deficit, however, will be used at given moments for strategic investment and to stimulate demand);
d) the premise that the macroeconomic sphere is hinged on public investment and not primary surplus which is considered to be "the only a way to conceal payment of interests to the annuitants"; and
f) the need to promote distributive and redistributive policies with the double objective of consolidating a rights-based society and strengthening the internal market (Brasser Pereira, 2007).

In Ecuador, the new Government has taken some steps in this direction. The development model is articulated with the aim of re-establishing the (re)distribution of wealth and market regulation, and active efforts have been made to ensure public investment recovery in material and financial infrastructure in strategic sectors of the national economy.[32]

The new government has expressed its implicit will to regulate the economy's private sectors more efficiently; to expand the State's ability to administrate and control the conditions set by multilateral institutions, transnational corporations, and financial capital; and to rebalance the disproportionate (re)distribution of earnings between public and private spheres. Although the process is still in its early stages, the first two years of government must be defined as a period of political transition.

According to projections made by CEPAL, Ecuador was the fifth country with the highest growth rate (6.5%) in Latin America in 2008, with a growth rate in the non oil sector of 7.9%. In these two years of government, the Gini coefficient (the economic tool most commonly used to measure inequality), dropped from 0.511 to 0.483 between December 2006 and December 2008, i.e., by 0.03 points. Also notable is the gradual reduction in inequality demonstrated by the fact that the difference between the richest 10% and the poorest 10% of the population in Ecuador dropped from 28 to 24.5 times between December 2006 and December 2008.

In this context of the international financial crisis, the viability of this emerging constellation of post-neoliberal policies will largely depend on the country's correct insertion in the ongoing regional integration processes. The National Government is actively participating in the construction of this process. Besides strategic agreements for refining oil with Venezuela, commercial agreements with Chile, and potential cooperation for infrastructural projects with Brazil, Ecuador has also played a key role in the newly founded UNASUR and has played an important part in the creation of the Banco del Sur. The country is also now

[32] During the 2001-2006 period public investment was 6.5% of the average annual, and in the 2007-2009 period it reached 9.9% of the average annual GDP, i.e., 50% more than in the previous seven years.

formally part of the ALBA-TCP. Ecuador is also engaged in dialogue with other strategically interesting countries and emerging global powers (India, China, Russia, Iran). Furthermore the country is no longer a member of the ICSID, one of the most coercive instruments associated with the domination imposed by global markets.

In the midst of the global crisis of capitalism, the National Government's challenge consists of maintaining its line of post-neoliberal policies focused on the creation of a fair society designed to promote equal opportunities and defend popular interests.

All the changes detailed here move towards a long-term development strategy: "Towards a New Way of Generating and Redistributing Wealth for Good Living", which is described below.

5. Towards a New Way of Generating and Redistributing Wealth for Good Living

The new agreement for coexistence proposed by the Government of the Citizens' Revolution is an effort to give birth to a constitutional State of rights and justice (which goes beyond the *État de droit*), the plurinational and intercultural State, and the society of Good Living, set forth in the 2008 Constitution. The long-term strategy that will enable building a new way of generating, distributing and redistributing wealth is outlined below.

5.1. A New Agreement for Coexistence

A new Constitution implies generating a new social contract and a new agreement for coexistence among the individuals in the political community. The contemporary literature on the theory of justice states that every social contract is based on the idea that "the principles of justice are the principles that rational and free individuals concerned to further their own interests would accept given an initial position of equality" (Rawls, 1999: 11.) This implies that the parties to this social contract are not in a situation of domination or asymmetric dependence with each other; that they are independent, free, and equal.

Historically, this has not been so in Ecuador. Past constitutional principles have not favored everybody; on the contrary, they have been deliberate expressions of exclusion. The new Constitution starts by recognizing the existence of these processes and the gaps that still separate Ecuadorians from one another. In this sense, it proposes to leave behind the principles of a utilitarian liberal society (unable to put into practice its professed liberal rights) in order to create modern form of republican egalitarianism.

Anchored in socialist values that are based on egalitarian principles, the Constitution sees equality as a governing principle to build another society. This is based on the conviction that any inequality, not resulting from responsible and conscious action, is unjustifiable and inacceptable. The new Constitution grants great importance to correcting social gaps through redistributive processes and gives renewed importance to the old thesis of republican property, whereby a community of small proprietors constitutes a sound foundation for good republican wellbeing.

The new Constitution proposes to build a republican society that fosters the construction of positive freedom, based on the absence of dominance and the promotion of the flourishing of capabilities and potentiality of individuals. For this purpose, it is essential that individuals should enjoy sufficient material resources. Moreover, a responsible republican citizenry must be encouraged so that it may construct its own preferences autonomously.

This construction needs institutionalized spaces for participation and deliberation in which each citizen may defend his or her own positions.

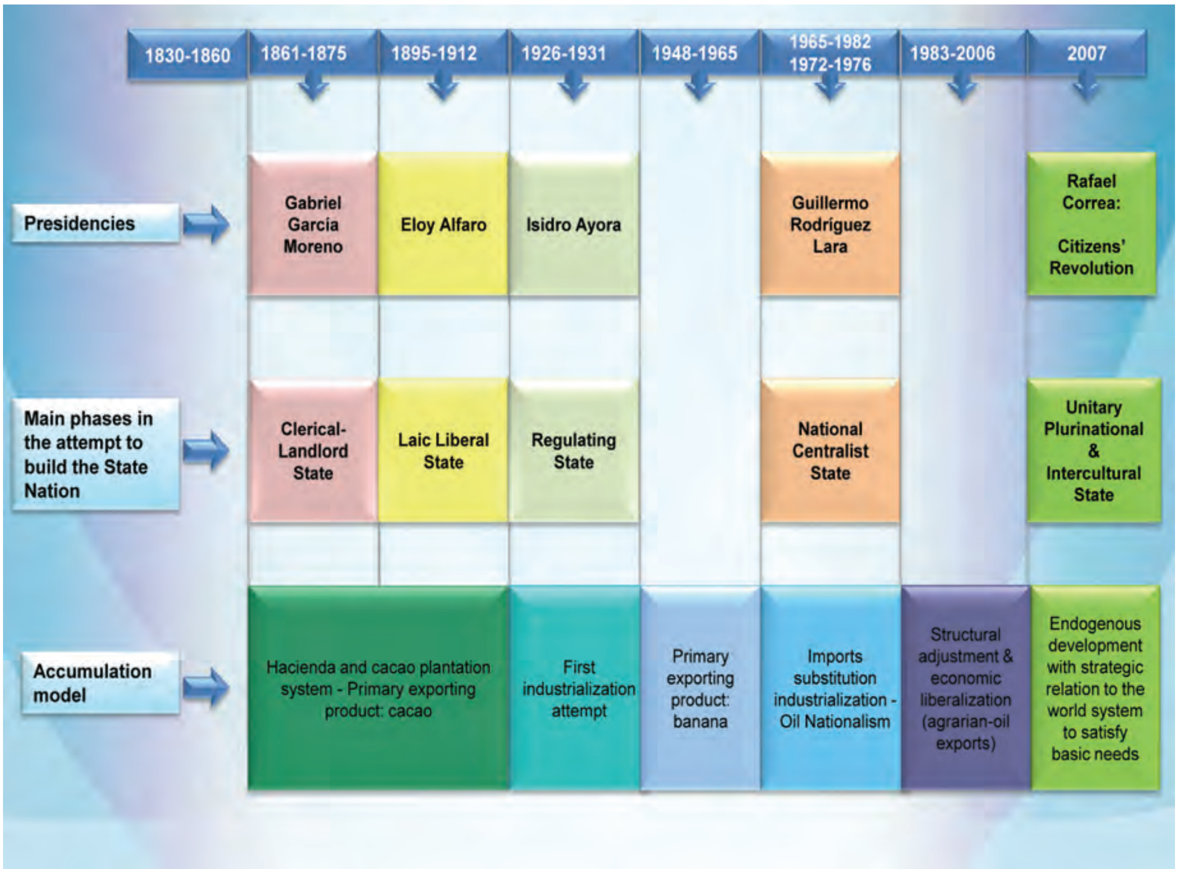
5.2. Accumulation and (Re)distribution for Good Living

It goes beyond saying that this new social contract is entirely incompatible with an economic strategy based on the export of primary goods and raw materials, which prevents the kind of economic democracy sought in the Constitution. A *route map* is therefore essential if we are to generate and redistribute wealth differently.

A new strategy of economic accumulation and (re)distribution is only one of many changes required to achieve Good Living. However, in a society with high levels of unsatisfied basic needs, it is essential to foster an economic alternative to the prevailing model of primary product export-led growth, which has so failed Ecuador throughout history.

With the exception of certain short-lived phases of Ecuador's republican history, when the construction of a national industry was envisaged, the wealth generated through the exports of agricultural goods only benefitted small – generally corporate and landowning – groups. Moreover, oil was never "replanted" to diversify or industrialize the economy. More recently, the economy's liberalization and dollarization deepened this pattern of wealth concentration in the hands of a few who saw Ecuador's demand for industrialized products as a market niche to be exploited. Importers have been the great beneficiaries of this strategy (Figure 5.1).

Figure 5.1: Accumulation regimes, State models, and main governments with national scope projects



Source: SENPLADES/ Undersecretary of Democratic Reform of the State, 2009.
Prepared by: SENPLADES, 2009.

5.3. A New Long-Term Accumulation and (Re)distribution Strategy

Setting aside the primary goods export-led model, democratizing the access to the means of production, creating the conditions for an increase in productivity, and generating quality work for all, are not goals which can be achieved immediately. The success of these objectives depends on the implementation of a medium to long-term process, in which steps are taking in a courageous, progressive and rational fashion.

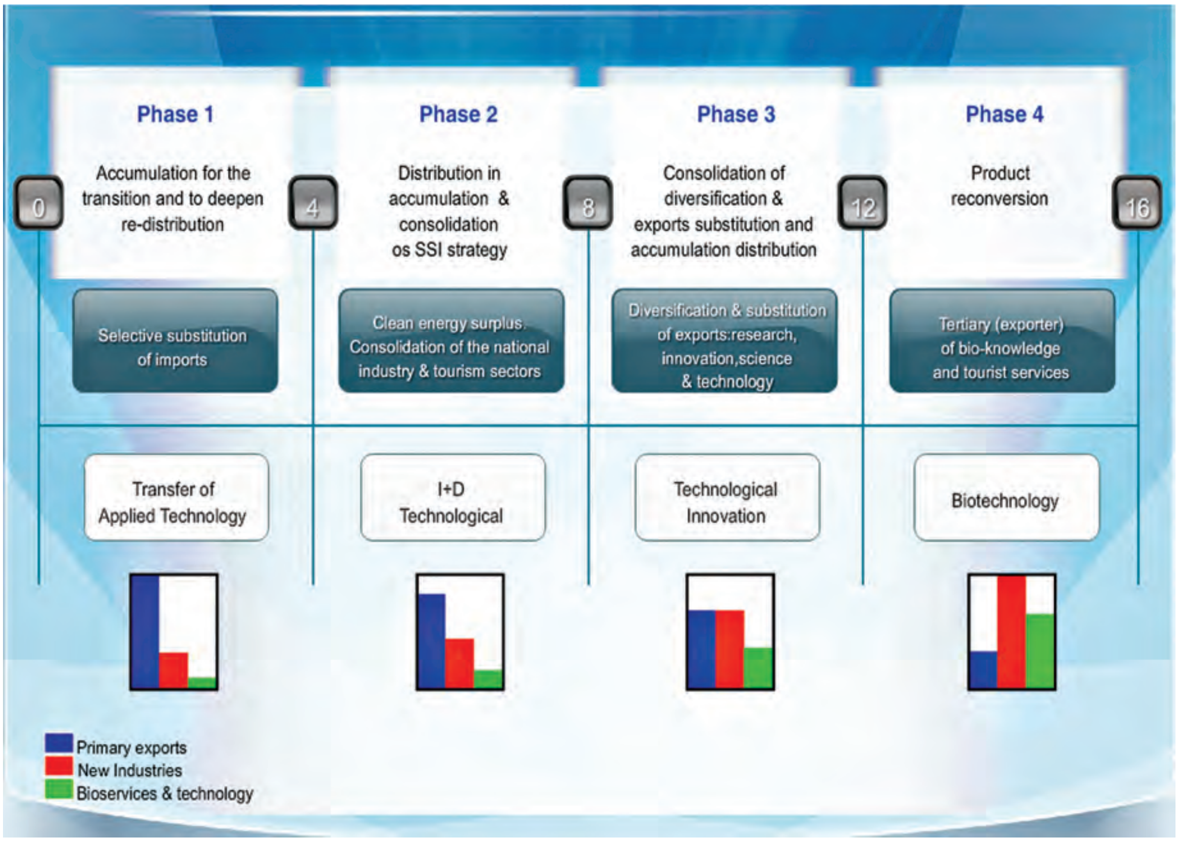
Ecuador's main comparative advantage is its biodiversity and, unquestionably, its main competitive advantage would be to acquire the knowledge of the best ways to make use of this biodiversity, through its conservation and by building national industries related to bio- and nanotechnology. In this sense, the strategy must be oriented to building, in the medium- and long-term, a society of "bio-knowledge" and of community-based eco-touristic services. Unlike the orthodox vision of growth, this strategy incorporates information, science, technology and innovation, to knowledge, as endogenous variables in the productive system[33].

It should be highlighted that Good Living's focus in the early phases of this medium- to long-term strategy is the satisfaction of the population's basic needs through the sustainable generation of wealth. While the era of individualism and self-interest defended a notion of growth and (re)distribution based on the notion of trickle-down, Good Living stresses solidarity, reciprocity and cooperation, and the concept of "*distributing while producing*" and "*producing while re-distributing*." As a result, a popular, social and solidarity-based economy is the main tool to make (re)distribution and the process of wealth generation inseparable from one another.

The achievement of an endogenous and sustainable economy for the 2009-2030 period must rely, therefore, on mid-term planning. The objectives set for 16 to 20 years' time should be achieved progressively, in a process articulating four main phases. Figure 5.2 resumes the four phases contemplated in the strategy to cover basic needs.

[33] We must recall that, according to estimates, "more than 90% of the biological diversity that subsists in the planet is located in the tropical and subtropical regions of Africa, Asia, and South America". To this we must add the ancestral Indian knowledge of yet undiscovered species and the otherwise "unknown" uses of many known plants. Among the world's species of plants, more than two thirds are native to peripheral and semi-peripheral countries. More than 7000 medical compounds used by western medicine have derived from the knowledge of plants. Throughout the last century, communities have largely contributed to industrial agriculture, pharmaceutical and biotechnological industry (...) Pharmaceutical, food, and biotechnological multinationals have misappropriated the knowledge of our peoples with minimum or no repayment, and have processed these substances and patented processes and products that they launched to the market (Boaventura de Sousa Santos, 2003:146.)

Figure 5.2: Phases of the endogenous sustainable strategy to satisfy basic needs



Source: SENPLADES, 2009.
Prepared by: SENPLADES.

The *first phase* is the transition in terms of accumulation. Although dependence on primary goods to sustain the economy will remain, (re)distribution – which is the core of change during this period – will be intensified. A process of selective imports substitution[34], promotion of the touristic sector, and strategic public investment[35] to foster systemic productivity, should lay the foundations of a national industry and substantial changes in the energy matrix[36], both considered wealth-generating engines. The priorities, in this first phase, are technological disaggregation and investment abroad to form human capabilities and cultivate the conditions

[34] For an effective substitution of imports, the main task will be to develop the following industries: petrochemical, bioenergy and biofuel; metal-mechanic industry; biomedicine, pharmaceuticals and generics; biochemistry; hardware and software; and environmental services. In addition, priority is placed on value-added generating activities with important effects on employment generation and the satisfaction of basic needs (with emphasis in social housing), food, small-scale fishing, crafts, community tourism, textiles, and shoe confection.

[35] One of the main challenges is to link the country's necessary public investment to national savings.

[36] Production and consumption can be more environmentally-friendly if renewable energies and energy efficiency are promoted.

for community-based ecotourism. Following this logic, the protection of intensive sources of work and employment, as well as initiatives derived from the social and solidarity-based economy, will be considered a priority, together with food sovereignty and, in general, the satisfaction of the basic needs.[37]

Part of the (re)distribution strategy is to keep surplus from remaining in the hands of middlemen, which is why rethinking the service sector is also a key factor during this period.

In the *second phase*, the new national industry bears a greater relative weight than the primary sector. As a result, the consolidation of an energy surplus is sought primarily through the production and consumption of clean and bio-energy.[38] The wealth generation strategy is supported by community-based ecotourism and the surplus is distributed through the productive process itself, by strengthening a popular, social, and solidarity-based economy. Investment in research and development also is given high priority, through a virtuous tripartite alliance: universities, (public or private) industry, and public research institutes or technological research centers. For this reason, consolidating a system of higher education and research bent on achieving excellence will be a priority. Income generation for the national economy still depends on the responsible and sustainable extraction of non-renewable natural resources, such as hydrocarbons and, eventually, mining.

The *third phase* is based on a strategy for export diversification and substitution, in which a national industry covering the domestic demand and generating surplus for exports plays an important role. Similarly, this strategy seeks to substitute exports with goods with higher added value and stop depending exclusively on extractive processes. The national industry's relative weight in the economy will be equal to the relative weight of primary goods. Investment in science and technology must foster productive innovation in aspects related to the industries initially established to substitute imports.

In the *fourth phase*, the strategy's objective is the launching of bio-services and their technological application. The relative size of these services – mainly knowledge services and touristic services – is expected to be greater than the primary sector. Knowledge services and their applications are related to the industries promoted in the *first phase*.

The objective, therefore, is for Ecuador's strategic and sovereign insertion in the world to depend on the endogenous strategy of satisfying basic domestic needs, and not the other way around, as has been the case throughout history, and in particularly during the neoliberal years during which Ecuador essentially responded to exogenous and market-driven stimuli.

It is important to stress that the above strategy presented here also seeks to deconstruct the creation of two false disjunctives: a) conservation "*versus*" satisfaction of needs; and b) efficiency "*versus*" distribution.

[37] We refer to these sectors in some detail in the description of the 2009-2013 strategies in the following section.
[38] For this purpose, investment in this sector must be consolidated in the first phase of the Strategy.

6. Strategies for the 2009-2013 Period

The probability of success the Government agenda and an *endogenous strategy to satisfy basic needs*, will depend on the conscious and consistent actions implemented by the State today (2009 - 2013). Success will also depend on the relative power of the social-political coalitions that support or reject the Government's objectives, and on the course of a set of institutional and social structural conditions that will inevitably affect the outcome.

The viability of the first phase of the *endogenous strategy to satisfy basic needs*, is conditioned by twelve strategies which are also the starting point for the following three phases of its application.

6.1. Democratization of the Means of Production, (Re)distribution of Wealth, and Diversification of the Forms of Property and Organization

In addition to it being a matter of social justice, it has been demonstrated that the countries with the best coefficients in productive asset distribution, not only grow more, but also enjoy a more balanced and democratic form of growth, which enables them to build more egalitarian societies.

The National Government has undertaken a sustained process of democratization of the means of production, with special emphasis on land, water and productive assets that have no social function. Fundamental changes will be promoted in the industrial, craft and service sectors, and in agrarian structures, in order to promote certain rural sectors, small fisheries, and peasant family agriculture. The latter will imply a process of productive diversification, the upholding and defense of ethnic and cultural diversity, institutional development, the access to productive opportunities and assets, the participation of the citizens, and a sustainable use of natural resources. An essential component of this strategy will be radicalizing (re)distribution: democratizing access to credits, technology, technical assistance, etc. Additionally, the commercialization of agrarian products will follow a model based on short commercial chains and producer-consumer synergy. Equally, basic needs will be guaranteed through the universal provision of quality services in public education and health, housing, food, clothing, and through dignified productive and reproductive work.

This strategy stresses the agrarian and cattle raising sectors, for which the effects of neoliberal policies have been particularly harmful. However, other productive spheres related to the coverage of basic needs will also be encouraged: the food industry, the construction industry, with emphasis on social housing and on basic sanity infrastructure, small-scale activities (including fishing), the craft, textile and shoe industry, and community-based tourism.

6.2. Transformation of the Economy's Model of Specialization Through the Selective Substitution of Imports

In Ecuador, economic specialization based on resource extraction and the production of raw materials limits the possibilities of achieving Good Living, because it reproduces a pattern of unequal accumulation and irrational exploitation that degrades the ecosystem. One of its main features is the absence of specialized and highly qualified labor. These also goes hand in hand with low real wages and, as a consequence, has a negative impact on domestic demand, since the majority of the population has low consumption capacities and is unable to save up. With feeble domestic demand, the internal market fails to develop and the productive expansion continues to privilege the external sector. The country's external dependence and the economy's vulnerability are contingent on foreign demand and international prices. Finally, this pattern of economic specialization is subject to scale-decreasing performances whereby increasing investments yield decreasing economic benefits.

Moreover, dollarization does not allow the manipulation of the exchange rate in order to counteract the negative effects of a national economy subjected to the variations of relative commercial exchange prices. This is why the selective substitution of imports is essential – not only as a medium– and long-term development policy, but also in order to reduce this monetary vulnerability and protect the sustainability of the current monetary model.

The alternative must be a specialization model that focuses on value-generating secondary and tertiary production to develop the internal market without overlooking foreign trade advantages. The new model must emphasize specialized labor in order to increase real wages in the economy and thereby increase domestic demand through a rise in consumption and savings capacity. With growing domestic demand, the internal market may develop which, in turn, reduces the country's foreign dependence and the economy's vulnerability to external shocks. Finally, this new pattern of economic specialization allows for the creation of clusters that strengthen productive chains with a positive impact on productivity and economic performance.

The stagnation of Ecuador's pattern of specialization is a result of the fact that the primary and extractive export-led economic model offers higher short-term returns on investment. This traditional pattern of accumulation has a low cost structure and the country already has the basic infrastructure required to develop it. In contrast, the more endogenous economic model has a higher cost structure and the country will need to acquire new infrastructure and capacity to allow for its development. As a result, the only way to change the current specialization model is through State intervention, economic policies and the important public investment that will establish the conditions required in order for the secondary and tertiary sectors to be more appealing and profitable than the primary sector.

A policy of substitution should apply to the following sectors: secondary and tertiary sectors; value generating sectors, infrastructure developing sectors; and the strategic capacities for the sectors in question; sectors which make use of qualified labor; sectors linked to the development of technology and to specialized human capacities. Additionally, substitution policies must also achieve the following: they must i) make intensive use of valued-added labor; ii) contribute to food sovereignty; iii) not have over-detrimental environmental impact; iv) be linked to strategic sectors in the long term; and v) not base their productivity on natural comparative advantages.

6.3. Increase of Real Productivity and Diversification of Exports, Exporters and Markets

Increasing real productivity, diversifying production and transforming exports and imports in the medium- and long-terms, facilitates Ecuador's strategic, intelligent and sovereign

insertion in the world. This strategy implies a new concept of competitiveness, in which commercial wars, excessive debt, pressure to keep wages low, and unemployment resulting from the rigidity of labor mobility from non-qualified to specialized labor, have no place.

Productivity must rise and reach satisfactory levels without resulting in the exploitation of individuals or nature. Productivity must therefore be understood differently, as the greatest possible productive yield without affecting the impact on labor and the environment negatively.

In Ecuador, the exportable production is centered on the primary sector and traditional products which depend on static comparative advantages, determined by an irrational exploitation of the country's natural resources. Moreover, this type of production is also essentially exported to a series of traditional, fixed export destinations. This makes the exportable supply more vulnerable, since there is no diversification of risks related to demand contraction in any given market. On the supply end, concentration occurs in the context of a limited type and number of producers and exporters, which hinders the rise of expansive production chains. Deconcentration is therefore essential.

Both deconcentration and import substitution are necessary if we are to change the economy's pattern of accumulation by transforming the vicious cycle of primary production, low human capacities, decreasing performances, low wages, scarce domestic demand, external dependence; into a virtuous cycle of value-generating production, improved human capabilities, enhanced performance, better wages, recovered domestic demand, reduced external dependence, and increased sovereignty.

6.4. Ecuador's Strategic and Sovereign Insertion in the World, and Latin American Integration

The concept of sovereignty that Ecuador endorses connects integration – with and for the peoples of the world – with the people's capacity for self-determination in their public decisions, and in their political, territorial, food, energy, economic, financial, commercial and cultural matters.

The main objective of Ecuadorian foreign policy is to promote endogenous development through the reengineering of its international relations, in a way that takes into consideration the different international stakeholders in a strategic fashion.[39]

Ecuador's sovereign international relations thus become a tool in the restructuring of the pattern of capital accumulation, distribution and (re)distribution and fomenting of tertiary economy. In terms of foreign policy, this means establishing, in the short, medium and long-term, a number of strategic alliances, in alignment with our National Objectives, so as to strengthen an alternative axis focused on the South, and turn the page on the "letters of intention" and the conditions of the past.

The new international order we are pursuing is democratic and multipolar. It is world in which the peoples of the South are protagonists. Its institutional architecture favors multilateralism and promotes novel processes of integration and cooperation for development, as well as harmonious political dialogue. Latin American regionalism is the starting point for the promotion of such spaces. The Union of South

[39] Diverse international stakeholders include national and subnational governments, multilateral organizations, non-governmental organizations, transnational companies, and other social actors.

American Nations (UNASUR), the Bolivarian Alliance for the Peoples of the Americas (ALBA) and the Organization of Latin American and Caribbean States (OELAC) are our priorities.

Ecuador also promotes the construction of a New International Financial Architecture. Ecuador defends the need for the creation and consolidation of multilateral institutions which do not exclude weaker partners in the decision-making processes. These institutions should also focus on development policies which emphasize the satisfaction of peoples' basic needs and which are aligned to national and territorial priorities.

Ecuador also defends the establishment of a payment compensation mechanism coordinated by the region's central banks with the aim of reducing transaction costs for interregional commercial flows. This *Sistema Único de Compensation Comercial Regional* – Single Regional Commercial Compensation System (SUCRE) is a regional mechanism for the stabilization and integration of financial markets. It stands in stark contrast with the historically onerous policy of favoring financial intermediation of the hegemonic economic power centers. The SUCRE will enable the integration of new economic and commercial stakeholders, because the dependence on the dollar or other currencies as payment mechanisms – which favors the countries that issue the currencies – will decrease.

Opening new market niches, with favorable conditions for Ecuador, will also generate external demand for a production that generates qualified labor.

Additionally, subsidies, duties and safeguards for the selective substitution of imports, within the framework of international agreements, may also play an important role.

Another objective of economic policy is to reduce intermediation to the minimum, and expand the universe of actors involved in international trade, for them to become the new engines of the social and solidarity-based economy projected at the world level.

In order to produce goods and services of high added value, it is vital that foreign earnings, such as foreign direct investment and non-reimbursable international cooperation (technical assistance, financing, and donations), should be invested in science and technology.

Ecuador proclaims human mobility as a constitutional right and condemns all types of xenophobia, discrimination, and ill treatment of its nationals abroad and of foreigners in Ecuador. Human mobility should, on the contrary, facilitate the creation of spaces for political dialogue and cooperation, for the development of all peoples of the world.

6.5. The Transformation of Higher Education and the Transfer of Knowledge in Science, Technology and Innovation

Higher education and academic research must be conceived as public assets given that their development inevitably benefits society as a whole. Ecuador is one of the Latin American countries with the smallest higher education coverage, which is why increasing its access is a priority. Access should be granted through a policy of equal opportunities.

For this purpose, it is crucial that the social-economic level ceases to be an impediment to access to higher education. This may be done through scholarships, quotas or credits for education, in spite of the importance of meritocratic criteria. One way of reconciling the meritocratic system with the logic of affirmative action is by implementing leveling systems which allow for the treatment of existing educational inequalities at lower educational levels.

Special emphasis must be given to the supply of higher – university and non-university – education. Diversity in the supply side should not encourage great disparities in terms of the quality of the education and, thereby, reproduce the segmented logics of an unfair society.

Other forms of negative discrimination on the basis of religion, culture, ethnicity, politics,

gender, and sexual choice, must also be attacked, both in access to education and in the educational process itself.

It is also essential, in order to guarantee quality, objectivity, impartiality and high educational standards, to evaluate and accredit higher education institutions, and their programs, training and tuition.

Similarly, it is crucial for individuals with high academic standards and more investigative and teaching experience, to have access to an academic and research-oriented career.

It is also clear that the research performed in universities must play a vital role in transforming the current economic model based on exports of primary goods. Linking research produced in universities to public research institutions is paramount for the purpose of creating synergies that contribute the added value to national industries.

Another important concern is the transfer of technology and knowledge through international cooperation. This transfer should be aimed at the satisfaction of basic needs, and the consolidation of the national industry. Foreign direct investment must also be provided together with technology and knowledge, without any conditions or dependences, so that it can be applied in endogenous development.

Since biodiversity is one of Ecuador's main comparative advantages, generating information from this natural wealth through research and basic and applied sciences is also essential. For this purpose, having a germplasm, tissue, and DNA bank is fundamental. Similarly, the construction of the "*biopolis*" means investigating everything related to production, transmission, and consumption of clean and efficient alternative energies.

Investing in human skills for individuals to study in specific areas, particularly if it is related to the country's development, should be made a cornerstone of public policy, and encouraged through scholarships for postgraduate studies in first-class universities. In addition, specific policies must be issued to avoid the process of brain-drain and to take actions to repatriate highly educated Ecuadorians to Ecuador. As a result, the country should foster student mobility programs, mainly at the postgraduate level, as well as programs designed so that lecturers and researchers can travel at the regional and international level for the purpose of exchanging and acquiring knowledge exchange and integrating knowledge networks.

Finally, it corresponds to the State and to the Government to create the corresponding public policies to avoid the deepening of the process of privatization and mercantilization of higher education.

6.6. Connectivity and Telecommunications for the Information and Knowledge Society

Achieving Good Living implicitly means transiting towards the Information and Knowledge Society, taking into consideration the use of the Information and Communications Technologies (ICTs), as a way of increasing productivity, and as an instrument to generate equal opportunities, foster citizen participation, promote interculturalism to value our diversity and strengthen our plurinational identity, and to expand the exercise of rights and promote justice in all its dimensions.

Accordingly, the State's actions in the coming years must focus on three essential aspects: connectivity, hardware supply and the use of ICTs to achieve the Revolution of Education. Emphasizing these aspects fosters positive externalities which have an impact on government services and dynamizes the productive apparatus.

The State must ensure that the infrastructure for a good connectivity and telecommunications network covers the entire national territory so that ICTs are available to everyone. Providing hardware to the population also complements connectivity and can be a crucial

element for guaranteeing better levels of digital literacy. To this end, two key strategic actions must be considered: 1) facilitating the access to computers for all primary and secondary school students; and 2) providing rural parish boards and schools with up-to-date technology in order to circumvent digital isolation and make technology available to the communities.

Total connectivity and hardware are powerful tools. In the field of education, ICTs allow for long-distance training and may reduce school and educational desertion. ICTs can also mean improvements in the quality of teaching as well as allow a continuous process of teacher continuous training.

A deep transformation of the system of higher education is a priority. Only a profound restructuring of the education system can give Ecuador the professionals and academics able to use, exploit, and produce the ICTs the country so badly needs, and in a way which increases productivity.[40]

6.7. Change of Energy Matrix

Ecuador's energy matrix is what one might expect of a country that is dedicated to the exports of primary products with low added value and the imports of industrialized goods. In Ecuador, 96% of energy production, the equivalent of 90% of the total energy supply[41], is concentrated in fossil fuels such as crude oil and natural gas, with renewable sources of energy (such as hydroelectricity and biomass) barely representing 4% of national energy production. In addition, more than 90% of energy imports – which amount to 10% of the total energy supply – correspond to oil derivatives (LPG, diesel, high octane naphtha, etc.). At times, Ecuador also imports electricity from neighboring countries and other non-energetic oil-derived and petrochemical products (lubricants, etc.)

The change of the energy matrix must therefore comply with the following:

- To increase the share of renewable energies. To this end, we must implement hydroelectric projects without delay and, additionally, and promote projects for the use of other renewable energies: geothermal, biomass, wind and solar sources of energy.
- The imports of oil derivatives must be reduced to a minimum. This can be achieved through the building of the Refinery of the Pacific.
- Using crude oil as an input in this new refinery will also allow Ecuador to shift from its current role as a crude oil exporter to becoming an exporter of petrochemical and oil derivatives, with greater added value.
- Given that the transport sector is the main consumer of energy in Ecuador, it is essential to make the sector much more efficient and less fossil-fuel intensive. Current patterns of transportation have serious implications in cities where they cause traffic jams and environmental pollution.
- One of the great challenges is to tackle the dramatic energy loss that results from energy transformation. Losses of energy through distribution can be effectively reduced by applying adequate technical measures.
- Programs for energetic efficiency must focus on the industrial and household sectors.

[40] For industries with high technological input but low rates of productivity, see Katz (2009: 13).
[41] The total energy supply amounts to the equivalent of 235 million barrels of oil.

- The public sector must set an example in efficient and responsible energy consumption.
- Citizens must become aware of the need for energy savings and sustainable consumption.

The 2009-2013 period is, from the point of view of planning, by far the most important. It is during this period that the foundations required to reorient the energy matrix towards a more efficient, effective and environmentally friendly system, have to be established. This period involves studies, feasibility analysis, detailed engineering plans and financing strategies.

In the short term, the projects aimed at changing the energy matrix that have already begun must continue. A series of small-scale projects that also increase energy efficiency, such as energy-saving bulbs, imports of energetically efficient electric appliances, etc., must also be implemented quickly.

Finally, it is clear that integral sovereignty includes energy sovereignty as one of its main components. This is why it is important to develop productive capacities that enable us to be energetically self-sufficient, particularly in terms of the generation of electricity.

6.8. Investment for Good Living within Sustainable Macroeconomics

The objective of this strategy is to build three fundamentals pillars for Good Living. The first is economic sustainability which can be achieved by channeling savings towards both public and private investment in production. The second is the development of the human capabilities and social opportunities that enable a more equitable economic organization and a fairer social coexistence. The third is the accumulation of the productive capital required to change the economy's pattern of specialization and accumulation.

Following the political program of the Citizens' Revolution and the new Constitution, public investment shall grow as an instrumental variable of State intervention. Public spending will be defined in view of achieving Good Living. Fiscal goals and debt are variables that must guarantee macroeconomic sustainability.

The first pillar mentioned above, requires a radical social security reform, which, in turn, will allow for the channeling of the social security surplus for the safe and profitable promotion of production and would strengthen the sustainability of social security in the long run. A safe and productive use of internal savings can be achieved by placing the profits derived from non-renewable resources in productive investments with high social and economic returns. These policies will allow a savings-productive investment balance that reduces speculative practices and capital flight. In turn, this will foster a macroeconomic equilibrium with the generation of employment.

The second pillar will be achieved, first of all, through investment directed at the supply of essential goods and services, with the aim of improving and safeguarding the capacities of society as a whole: investment in nutrition, primary healthcare, basic education, etc. Another strategy is to create the necessary access conditions to potentiate social and individual capacities in practice; investments aimed to work generation, access to credit are among other examples of this condition.

The third pillar is related to the need to accumulate capital in the value-generating productive sectors. The investments that allow this type of accumulation can be divided in two categories: infrastructure for systemic productivity (electric generation, telecommunications, petrochemical industry, software, electronics/hardware, research and development, etc.); and specialization in installation capacity (research in science and technology, specialized industrial training, transfer of technology, etc.)

6.9. Inclusion, Social Protection and Security, and Guarantee of Rights within the Framework of the Constitution

Security mechanisms have been essential components in the development of all societies. These mechanisms have enabled the reproduction of life throughout history and have become a universal demand of people who have asserted their right to secure a dignified existence.

A number of dominant actors of economic accumulation have weakened and practically destroyed many security mechanisms. This has resulted in high levels of insecurity.

The State has not compensated this situation. Rather, it has further encouraged this concentrated and exclusive accumulation which has recreated, in a number of different ways, a strong "insecurity" for individuals and communities, many of which banked on linking their wellbeing and security to the performance of globalized accumulation[42] (Peemans, 2002.)

6.9.1. Mechanisms for Inclusion, Social Protection, and Guarantee of Rights in Light of the New Agreement for Coexistence to Strengthen Social and Economic Capacities

Social protection and security are rights that require inclusion, social participation and, a critical agreement to establish a society of equals. This does not mean homogenizing ways of living and thinking, but giving rise to an inclusive institutional framework that guarantees the same opportunities for each individual to enjoy the benefits of collective existence, and to have a say in the decisions on how to achieve these objectives.[43]

We have established that the material bases for freedom and citizenship are related to the dynamics of the distribution of production and not only to the fruits of growth. Similarly, accumulating wealth cannot be disaggregated from having rights. The following seeks to achieve this:

- The strengthening of a solidarity-based "territorialized social economy".[44] Special attention will be paid to ventures that integrate their productive objectives to the access to basic services, food, health, quality education, quality social housing; and to tourism, based on cultural and ecological diversity.
- The acknowledgement and social retribution of reproductive work, immaterial labor, and the different forms of self-production, are vital if we are to transform the social organization of work (Coraggio, 2008.) As a result, dignified wages and the possibility of exercising the right to free association are essential. But, above all, social security must be amended to privilege its access to workers who do not contribute to it: individuals involved in autonomous work, non-compensated household labor, human care, immaterial labor, rural subsistence work.

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[42] Policies of total or partial privatization of public services (health, education, energy, water distribution) in the name of efficiency, means limiting access to the poorest sectors of population. Implementing policies of labor flexibilization makes the workers' situation much more precarious. Recommending hands off fiscal policies alongside orthodox economic policies that generate inequality and social insecurity is evidently irresponsible.

[43] CEPAL (2006) "Protección de cara al futuro, financiamiento y solidaridad", Montevideo, Uruguay.

[44] In this sense, Coraggio proposes the following: "we want a society with a market rather than a market society. This means that the paradigm of an efficient company and a self-regulated market cannot guide our social-economic practices. We have already seen that development strictly guided by market principles, particularly when there are global forces operating, generates unequal development, excludes people from society, makes human life vulnerable, commercializes politics, disintegrates local communities and societies, and produces planet-wide ecological disasters. Our sole objective cannot be to only integrate to this world those who are now excluded" (Coraggio: 2008.)

- The implementation of universal social policies, not merely addressed to the poorest sectors of the population, but for the purpose of guaranteeing rights and Good Living to everybody must be a main concern. This permits:
  - the development of social protection mechanisms, for example through the expansion of the coverage of integral children's development programs in poor areas.
  - the implementation of an educational reform oriented to improve the quality of public education;
  - the satisfaction of basic sanity and social housing needs with connectivity and a services, taking into account cultural and geographic factors.

6.9.2. The Guarantee of Rights as a Priority of the Accumulation and (Re)distribution Strategy for Good Living, within The Framework of the Constitutional order and Justice

The Constitution is the best instrument for the guarantee of rights. It determines the contents of the Law; it establishes the guarantees for its exercise and limits the application of authority and the structure of power; it is meant to be directly enforceable by any individual, authority or judge. Constitutional rights are, at the same time, limits on power and compulsory mandates for public authorities; they are the result of historic claims, made before and above the State.

The word "guarantee" implies rights with a specific and operational content, and assurances society undertakes to respect, in relation to procedures, as well as institutional, legal and financial frameworks for the exercise and full enjoyment of rights.

As a consequence, we seek to foster mechanisms for State intervention that comprise three dimensions: an ethical dimension based upon the universal principles of human rights; a procedural dimension, a group of established mechanisms that facilitate dialogue between social and political actors and translate each agreement reached in a normative instrument and, in their turn, translating these instruments into policies; and a dimension of contents related to social protection that guide specific actions in this field. In this sense, the challenges are the following:

- The development of constitutional guarantee mechanisms. The justice system must reformed, especially criminal and labor laws, and the enforcement of constitutional justice must be expanded.
- The public sector must encourage communication, information and training programs in order to ensure the dissemination of knowledge on the exercise of rights.
- The judicial pluralism of the new State must be reinforced through the acknowledgement of the Indigenous communities' rules, procedures and dispute resolutions.
- The "guarantees approach", from the point of view of social investment, constitutes a prioritizing element for State spending. From the point of view of the collective design of public policies, it is a way of establishing a national consensus.

6.10. Sustainability, Conservation, Knowledge of the Natural Heritage, and Promotion of Community Tourism

From the perspective of the acknowledgement of the rights of nature, and reconciliation with multiple cosmovisions, the critical question is: how to live well with social and environmental justice within the limits of nature?

The current political project proposes a transition from the current extractivist, dependent and territorially disordered model, to a model based on moderate and sustainable use of resources that takes into account spatial variables intelligently, that assures food sovereignty by taking in consideration population growth, that protects the environment and evaluates the risks of natural disaster by taking precautions and implementing mitigation measures; and that democratizes planning and decision-making among citizens.

From this perspective, the first four years require the following measures:

- First, it is important to consider natural heritage as a whole; it is crucial to conserve and effectively and consistently manage natural spaces, particularly protected areas, by evaluating their high levels of biodiversity, and by taking into account human intervention, from the community, private and public spheres, through a process of participation.
- Second, it is crucial to prevent and confront the levels of land, water and atmospheric pollution, in urban, rural and marine arenas. Supplying basic sanitation to all of the population is also paramount.
- Third, whereas it is important to incorporate the notions of economic utility, it is also vital to include the concept of co-responsibility with regards to the human impact on the macro environment. Global warming is a good example of this. It is therefore essential for public policies to mitigate environmental effects and to respond to environmental degradation by proposing new alternatives, such as the Yasuní – ITT initiative.
- Fourth, it is vital that water, and access to it, be considered a right and an essential aspect of the national heritage. The State and the population are obliged to protect water's natural cycle, as well as its quality and quantity; to distribute it equitably, to prioritize human consumption; to use it responsibly; and to guarantee its environmental quality.
- Fifth, the promotion of natural tourism, particularly community tourism, is an alternative activity that enables making use of the natural landscape, generating educational and recreational opportunities, as well as the distribution and (re)distribution of work and wealth.

6.11. Territorial Development and Organization, Deconcentration, and Decentralization

In some cases the term 'territory' refers to a political-administrative division; however it can also include other meanings, such as hydrographic basins, economic spaces, or areas under the influence of a people or nationality with specific intercultural relations attached to it. At the same time, the term 'region' can be used in different ways: a geographically homogeneous characteristic; an area with a particular emphasis on a given economic activity; an urban nucleus; an administrative area or a political constituency. In the case of Ecuador, we speak of three types of regions: the geographic regions; the planning zones corresponding to the Executive's internal coordination; and the autonomous regions, a level of government still under construction as per the provisions of the Constitution.

This strategy proposes mechanisms to transform Ecuadorian territory, as well as to promote a (re)distribution of wealth among and between the territories. It includes public policy guidelines for the management of Ecuadorian territories and planning for the coordination between government agencies to foment complementarity and synergy.

6.11.1. Promoting a polycentric, articulated, and complementary national territorial structure

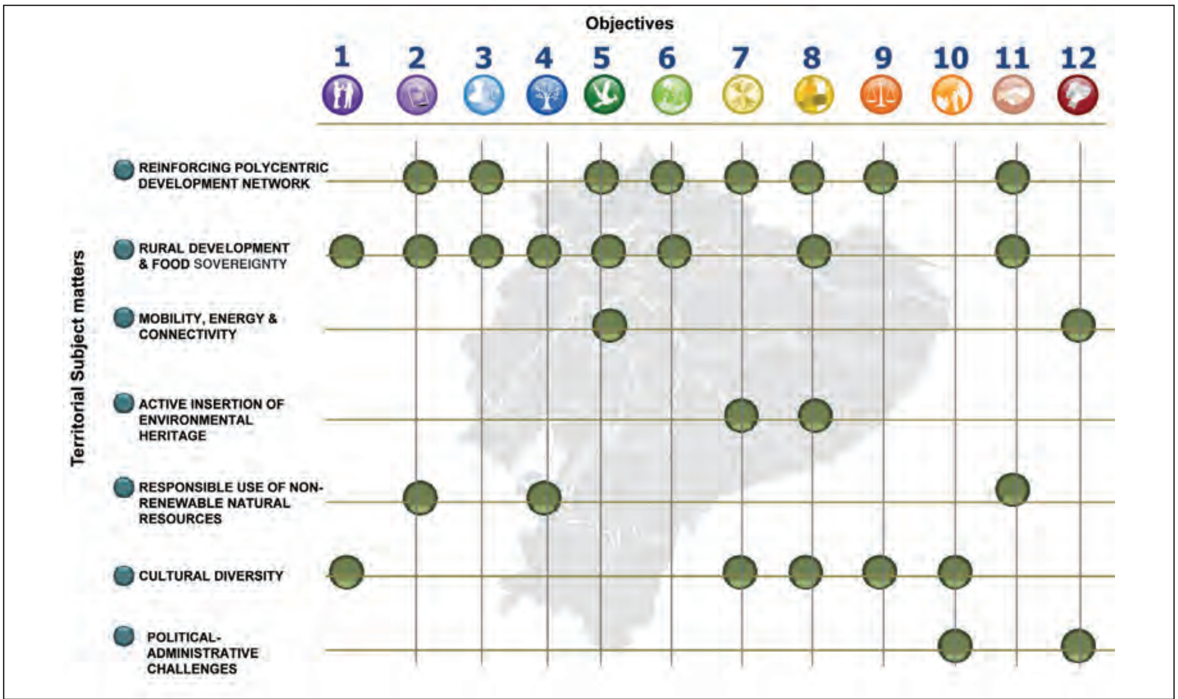
The territories must be conceived as spaces with specific functions, articulated in a complementary way to promote equal opportunities, ensure an equitable access to basic utilities, health, education, nutrition, dignified housing, and productive resources. This means promoting the association of different geographic spaces in the country and encouraging the formation of

regional systems structured in an overarching network in order to favor the country's endogenous development. This means surpassing simple concepts that advocate competition over complementarity.

The territorial approach is interwoven with the twelve objectives for Good Living. It includes promoting and reinforcing a national polycentric structure of human settlement that is articulated and complementary, and seeks to advance domestic integration, as well as to improve and render more efficient the country's transport infrastructure, connectivity and energy infrastructure.

A transversal element in the territorial strategy is the promotion of production, systemic productivity[45], research, innovation, and science and technology, in accordance to each territory's capacities, vocation and potentialities.

Figure 6.1: National Plan objectives mainstreaming with National Territorial Strategy



Source: SENPLADES, 2009.
Prepared by: SENPLADES.

[45] It is important to underline the significance of giving priority to work and wealth generation over accumulation.

The analysis of the territories must include and complement social-network building mechanisms and the sense of belonging resulting from historic and cultural processes at the roots of a diverse, plurinational and intercultural society.

In addition, the territorial perspective comprises both an internal and an external outlook: it provides Ecuador with a strategic and sovereign vision of its insertion in the world and contributes to the consolidation of a decentralized and deconcentrated political model based on articulated planning and participative territorial management.

6.11.2. Rural Good Living[46]

One of the central elements of the governmental agenda for the coming years is Good Living in rural territories. This means abandoning a vision that focuses exclusively on the agrarian dimension of the rural sphere, to a vision based on an integral political economy of the rural world that takes into consideration the guarantee of rights, the links between agriculture, the manufacturing sector and services, and a diversity of work strategies and forms of income generation of rural families.

Moving towards rural Good Living also requires mobilizing the resources and assets of populations (natural, physical, financial, human, social and cultural), as well as promoting the democratization of the access to the means of production (water, land, capital, knowledge), and the conditions that enable correcting market flaws such as the supply of infrastructure, education and health, without disregarding culture and interculturalism, science and technology, the recovery of ancestral knowledge and wisdom, the promotion of association, etc. Rural Good Living's territorial approach does not exclude sectorial policies for the agro-cattle-raising. On the contrary, it complements them by adopting a broader more comprehensive perspective of the rural economy and society. Moreover, it is of crucial importance that ethnic-cultural composition of the rural population, as well as the feminization of poverty, should be taken into account.

The concept of rural Good Living also requires a more flexible understanding of the rural sphere, which must include disperse populations but also small and medium towns and cities with economy and way of life closely related to a rural existence, to natural resources and to agriculture.

Finally, the basic conditions for food sovereignty must be generated from the rural territories. Food sovereignty implies recovering the role of society in deciding what, how, where, and for whom to produce, while emphasizing the strengthening of small producers who, in the case of Ecuador, cultivate the majority of food included in the "basic subsistence basket". The foodstuff produced must be sufficient, healthy and sustainable, and they must be commercialized through fair and equitable mechanisms.

6.11.3. Consolidating Development planning and land use management

The National Territorial Strategy is the result of a complex territorial planning process. In it, different planning instruments are proposed, including agendas for zonal development and plans for land use at each governmental level.

"Agendas" are instruments of public coordination that identify the qualities and potentialities of the different planning zones. Agendas territorialize policies and public investment in order to promote basic agreements for territorial development. Agendas emphasize: productive dynamics; environmental management with a special focus on protected areas; the management of hydrographic basins; public services to promote rights, particularly those related to health, education, nutrition, housing; the identification

[46] See Chiriboga, Manuel (2008). Diseño de las políticas nacionales de desarrollo rural territorial, MIES-PRODER, Quito. See also Hidalgo, Francisco (2009). Apuntes para la formulación de políticas públicas en materia de soberanía alimentaria; and SENPLADES, (2009.) Estrategia para el Buen Vivir rural, Quito.

of investments in infrastructure that foster territorial integration and cohesion; and planning for large-scale with a national impact.

According to the Constitution, all government levels must formulate their own planning for development planning and land use; and article 293 stipulates that the budgets of Autonomous Decentralized Governments will go hand-in-hand with local planning, and be compatible with the National Development Plan. Territorial planning also requires the generation of capacities for territorial analysis. Timely statistics and mapping information must be provided, and mechanisms of accountability, appropriation and participation of citizens must be institutionalized.

6.11.4. Decentralization, Deconcentration and Reinforcing Management and Coordination Capacities in the Territories

Decentralization and deconcentration are mechanisms for the (re)distribution of power and for the democratization of society. These mechanisms must be based on a new model of State; a State that recovers its regulating, coordinating and redistributing capacities within a process of rationalization of public administration with a clear division of competences.

The State must adopt a new territorial organizational regime. It is vital that voluntaristic, "*à la carte*" decentralization gives to a mandatory, progressive decentralization by the Constitution and the Law. Besides, the creation of a new intermediate level of government is anticipated: the region. The main function of the region is to act as a planning pivot between the national and local levels. Finally, Autonomous Decentralized Governments must be assigned adequately planned resources, to generate territorial equity, reward fiscal efforts and compliance with the goals of this Plan.

The State must be deconcentrated. In this regard, the executive branch's zones seek to rationalize public service provision to avoid overlap, administrative deficiencies or state absence, which have been all-too— common in a context of ambiguity and lack of clarity regarding the competences of each government level. In this context, the challenge is to reduce deficits of institutional development in the territories, and to implement mechanisms for inter-institutional mechanisms between the central government (sectorial institutions) and its deconcentrated local representations.

Moving towards an effective decentralization and deconcentration of the State also implies fostering citizen participation and the generation of spaces for the interaction of different actors, so that they may be able to share visions, strategies and objectives, in order to democratize the relations between the State and society at all levels of government.

6.12. Citizen power and social protagonism

While neoliberalism places the market at the core of social regulation and so-called real socialism privileged the State, the new democratic socialism must be built on the basis of the citizens' needs and aspirations. It is therefore crucial to give way a process of collective deliberations, which sets the criteria for the framing of the production, circulation and distribution of social wealth, and generates the rules that govern the political community.

With the establishment of Citizen Power in the 2008 Constitution, participation is construed as part of the rights of citizens as well as a new principle for State action and public management at all levels of government. In this way, the constitutional framework establishes the broad guidelines of the strategy to promote and encourage citizen participation.

Given that civil society's dynamism largely depends on autonomous initiatives undertaken by citizens and social organizations, the State must create the adequate institutional and material conditions for such dynamics to effectively influence the orientation of government processes. The deployment of citizen power requires a proactive role from the State in matters concerning:

- The egalitarian distribution and (re)distribution of social wealth: the capacities for participation and deliberation are largely conditioned on access to quality health, education, culture, technology, information, etc;
- The transformation of the institutional framework and public management procedures for the purpose of securing a more democratic State, subject to permanent popular scrutiny;
- The promotion of the right of participation, together with the training of civil society and adequate communication processes that expand the competences and know-how that citizens and social organizations require in order to interact with public institutions.
- In a context in which Ecuadorian civil society seems to have exhausted some of its participative energies[47], this proactive role of the State in promoting social participation is an inescapable task. This must take place with unrestricted observance to the principles of civil society's pluralism, autonomy and self-determination. This depends, in turn, on clearly establishing the criteria and conditions – spaces, procedures, contents, purposes – in which interaction between State and society takes place. The Constitution provides for multiple instances and mechanisms to channel such interaction.

[47] Ecuador is a country in which a strikingly high rate of people (52 per cent) declares not having participated in any type of political or social organization. The same is true with regards to participation in protests or "authorized demonstrations": barely 5 per cent of Ecuadorians declare having taken part in this type of participative space – which is the lowest in the region. This percentage rises to 9 per cent when people are asked if they have "participated in any type of protest in the last 5 years." Regarding citizen participation in local governments – perhaps the most suitable scale on which to analyze citizen participation –, the trend remains the same: over the last 7 years, participation in local government dropped approximately 47 per cent: from 10.8 in 2001 to 5.7 per cent in 2008. (Latinobarómetro, 2008.)

7. National Objectives for Good Living

Objective 1: To Foster Social and Territorial Equality, Cohesion, and Integration with Diversity

In Ecuador, exclusion and marginalization have historic and cultural roots. In the last three decades, these processes have been aggravated and have emerged in a more complex form. These new forms of exclusion have been shaped by changes generated through globalization, the materialization of new productive and labor organization, the change in family models and unusual social situations resulting from the rise in human mobility. The forms and conditions of exclusion expressed in the social structure have kept specific individuals and groups from freely exercising their right to citizenship.

The State has responded by implementing social protection mechanisms based on handouts or the application of palliative policies almost always limited and insufficient, without incorporating the plural and intercultural approaches required by a diverse population.

The new model of Good Living implies an organic distribution of the country's wealth in terms of infrastructure, goods and services, essential to expand human capabilities and liberties, and an efficient economic performance. Today, the State acknowledges and guarantees the indivisible nature of the Good Living's system of rights and, above all, vouches for its institutional and public concretion.

As a result, this objective propose to apply integral policies that are capable of tackling the complexity of exclusion and promoting new logics for cohesion and (re)distribution, in recognition of diversity. This new model's mechanisms for inclusion, social protection and territorial integration, identifies and values all individuals, particularly the groups in need of priority attention; and recognizes diversity in communities, peoples and nationalities.

The exercise of rights, with emphasis on health, education, social security, nutrition, water, and housing, means that all people are to be included and integrated in the social dynamics through the equitable access to material, social and cultural goods. This means that the State needs to put an end to economic inequalities, contribute to the democratization of the means of production and give way to the Good Living that the society so desperately needs.

Policies

1.1. To guarantee the rights of Good Living to overcome all inequalities (particularly in health, education, nutrition, water and housing.)
1.2. To foster the quality and efficiency of the population's social protection and social security throughout people's lives, under principles of equality, justice, dignity, and interculturalism.
1.3. To promote social and economic inclusion with a gender, intercultural, and

intergenerational approach for the generation of equal conditions.

1.4. To democratize the means of production to generate equitable conditions and opportunities.

1.5. To ensure the equitable (re)distribution of wealth.

1.6. To recognize and respect social-cultural diversity and eradicate all forms of discrimination, whether based on gender, sexual preference, ethnic, cultural, political, economic and religious factors, or on origin, migration, geography, age, socioeconomic background, disability, etc.

1.7. To protect and foster the rights of Ecuadorians living abroad and foreigners living in Ecuador, and their families.

1.8. To foster rural Good Living.

1.9. To promote integral, balanced, equitable and sustainable territorial management that favors the formation of a national polycentric structure.

1.10. To assure children's integral development for the full exercise of rights.

Goals

1.1.1 To increase the percentage of households established in a single house to 71% by 2013.

1.1.2 To reach 98% of enrollment in basic education by 2013.

1.1.3 To increase teenage enrollment in high school to 66.5% by 2013.

1.1.4 To increase to 8, the grading of the "life satisfaction" of the population by 2013.

1.1.5 To revert economic inequality at least to the 1995 level by 2013.

1.2.1 To give social security coverage to 40% of the population by 2013.

1.3.1 To give 40% of disabled people a full occupation by 2013.

1.4.1 To reduce land concentration levels by 22% by 2013.

1.4.2 To reduce the concentration of access to credit in 10% by 2013.

1.5.1 To increase tax collection by 15% by 2013.

1.5.2 To achieve that 50% of all taxes are direct taxes by 2013.

1.5.3 To increase the recollection of the VAT paid by individuals and income tax collection by 10% by 2013.

1.5.4 To increase the redistributive effect of the VAT paid by individuals and income tax by 10% by 2013.

1.8.1 To double the participation of peasant family agriculture in agricultural exports by 2013.

1.8.2 To reduce intermediation by 20% by 2013.

1.10.1 To extend child development services to 75% of all children by 2013.

1.10.2 To reduce by 25% the percentage of children who work and do not study by 2013.

1.10.3 To increase the average duration of exclusive maternal lactation to 4 months by 2013.

1.10.4 To eradicate childhood mendicancy by 2013.

Objective 2: To Improve the Citizens' Capabilities and Potentialities

Developing citizens' capabilities and potentialities demands harmonious and integral actions. Adequate and timely healthcare guarantees vital energy; quality education favors the acquisition of knowledge for life and favors individual and social achievements; culture defines the system of beliefs and values that compose collective identities; and sports are an important support for socialization.

The accumulation of vital energy demands a preventive vision of healthcare in which a basic element is adequate nutrition, in particular during pregnancy and the first five years of child's

development. Physical activities and sports are elements that dynamize capabilities and potentialities and contribute to integral physical and psychological health.

Education is crucial to reinforce and diversify individual and social capabilities and potentialities, and to foster participative and critical citizens. Education remains one of the best ways of consolidating a democratic society that contributes to the eradication of economic, political, social and cultural inequalities.

From a strategic perspective, it is essential to develop various forms of knowledge with high added value, as well as technical and technological research and innovation. The combination of ancestral forms of knowledge with state-of-the-art technology can reverse the current development model and contribute to the transition towards a model of accumulation based on bio-knowledge. In the medium term, local and exportable production is expected to be based on science, technology and innovation, as well as biodiversity.

In the rural sphere, knowledge and access to new communication and information technologies plays a key role in the reduction of transaction costs. Education is key for the reduction of the digital gap that so deepens inequalities. Higher education is also a powerful tool for the promotion of individual capabilities, especially when it allows for the development of "positive liberties", and when it accompanies a process of increased focus on scientific research and technological development so as to reverse the current model of development.

Policies

2.1. To assure healthy, nutritious and natural foods made with local products in order to drastically reduce nutritional deficiencies.

2.2. To progressively improve the quality of education with a rights, gender and intercultural approach, and the promotion of inclusion to reinforce union in diversity and foster an education system which allows for the completion of studies.

2.3. To reinforce intercultural bilingual education and the deepening of the intercultural character of education.

2.4. To generate a continuous training and formation process for all stages of life, with an emphasis on promoting gender, generational and intercultural equality and opportunity, in articulation with the objectives of Good Living.

2.5. To reinforce higher education within a scientific and humanist vision articulated to the objectives of Good Living.

2.6. To promote scientific research and knowledge, the revaluation of ancestral knowledge and wisdom, and technological innovation.

2.7. To foster the access to information and new information and communication technology, in order to allow people to be a part of the "society of information" and strengthen citizenship.

2.8. To promote sports and physical activities in order to reinforce the population's capabilities and potentialities.

Goals

2.1.1 To reduce chronic malnutrition by 45% by 2013.

2.1.2 To guarantee a minimum daily consumption of 260 Kcal/day by 2013.

2.1.3 To reduce the percentage of children born underweight to 3.9% by 2013.

2.2.1 To ensure that at least 30% of students in 6th and 9th grades obtain the mark "Good" and not less than 8% "Very Good" in the social sciences by 2013.

2.2.2 To ensure that at least 20% of students in 3rd, 6th, 9th, and 12P grades obtain the mark "Good" and not less than 8% "Very Good" in Mathematics by 2013.

2.2.3 To ensure that at least 15% of the students of 3rd, 6th, 9th, and 12th grades obtain the mark "Very Good" in Language by 2013.

2.2.4 To ensure that at least 10% of the students of 6th and 9th grades obtain the mark "Very Good" in the Natural Sciences by 2013.

2.2.5 To ensure that at least 46% of the teachers obtain the mark "Very Good" in the Internal Evaluation by 2013.

2.2.6 To ensure that at least 60% of teachers obtain the mark “Good” in the internal evaluation on specific knowledge.
2.2.7 To reduce functional illiteracy to 10% by 2013.
2.5.1 To increase the number of investigators devoted to I+D+i to 969 by 2013.
2.5.2 To reach the Latin American average in the rates of higher education registration by 2013.
2.5.3 To reach at least 1500 postgraduate scholarships by 2013.
2.6.1 To increase by 75% the articles published in indexed scholarly magazines by 2013.
2.6.2 To ensure spending in I+D+I reaches at least 0.44% of GDP by 2013.
2.7.1 To ensure that 55% of all rural educational establishments and 100% of all urban educations establishments have access to Internet by 2013.
2.7.2 To multiply by three the percentage of homes with access to Internet by 2013.
2.7.3 To ensure that 50% of all homes have access to telephone landlines by 2013.
2.8.1 To send 45 participants to the Olympic Games in 2012.

Objective 3:
To Improve the Quality of Life of the Population

Quality of life is an essential aspect of Good Living, since it relates to creating the necessary conditions to satisfy the material, psychological, social and ecological needs of individuals.

This concept integrates factors that link individual and collective wellbeing, happiness and satisfaction, interpersonal solidarity, and sustainable social and economic relations respectful of individuals and nature, in the context of the cultures and value systems in which individuals live, and in relation to their expectations and demands.

This objective proposes that public policies should be conceived within an inter-sectorial and rights approach and should be applied through protection mechanisms and the provision of integral and integrated services. In these mechanisms, social, economic, environmental and cultural factors are articulated with emphasis on the groups, the peoples and nationalities in need of priority attention.

The improvement of the quality of life is a multidimensional and complex process determined by decisive aspects related to the quality of the environment, the right to health, education, food, housing, recreation and sports, social and political participation, work, social security, and personal relations. The conditions of the surroundings where work, study and rest and relaxation take place, as well as the quality of public services and institutions, bear a direct influence on the quality of life, understood as a fair and equitable (re)distribution of social wealth.

Policies

3.1. To foster the healthy life of the population and the practices which foment it.
3.2. To strengthen the prevention and control of disease, and to promote the capacity to explain, prevent and control death rates.
3.3. To guarantee timely, quality, warm and equitable integral healthcare at no cost for the users.
3.4. To provide integral care to women and priority attention groups, with an approach which emphasizes gender, age, family, community and interculturalism.
3.5. To recognize, respect and promote ancestral and alternative medical practices, as well as the use of ancestral medical knowledge.
3.6. To guarantee dignified, safe, healthy, equitable, sustainable and efficient housing.
3.7. To create the conditions for human safety and mutual trust for people in living in different surroundings.

Goals

3.1.1 To multiply by three the percentage of the population which does physical exercise more than 3.5 hours per week by 2013.
3.1.2 To reduce obesity in schools to 5% by 2013.
3.2.1 To reduce the incidence of malaria by 40% by 2013.
3.2.2 To decrease to 4 the mortality rate of hemorrhagic dengue fever by 2013.
3.2.3 To reduce the AIDS mortality rate by 25% by 2013.
3.2.4 To reduce the mortality rate of tuberculosis to 2 per 100.000 by 2013.
3.2.5 To reduce the mortality rate derived from diseases caused by the poor quality of water to a third by 2013.
3.2.6 To reduce pneumonia or and reduce its mortality rate by 18% by 2013.
3.3.1 To ensure that public institutions cover 70% of births by 2013.
3.3.2 To increase to 7 the performance qualification of public health services by 2013.
3.4.1 To reduce teenage pregnancy by 25% by 2013.
3.4.2 To reduce maternal mortality by 35% by 2013.
3.4.3 To reduce early neonatal mortality by 35% by 2013.
3.6.1 To reduce the percentage of overcrowded homes by 33% by 2013.
3.6.2 To grant access to sanitation services to 80% of homes by 2013.
3.6.3 To decrease to 35% the percentage of households which rely on physically inadequate housing by 2013.
3.6.4 To decrease to 60% the percentage of households with qualitative housing deficit by 2013.
3.7.1 To revert the trend of rising criminality, and reach 23% by 2013.
3.7.2 To increase to 7 the users' assessments of the quality of the service of the National Police by 2013.

Objective 4: To Guarantee the Rights of Nature and Promote a Healthy and Sustainable Environment

Nature has too often been perceived as a set of resources, subject to human exploitation and appraised from a strictly economic standpoint. The Fundamental Law implied a radical shift and included the concept of the guarantee of the rights of nature.[48]

The State, in its commitment to the population's Good Living, must assume its responsibilities towards nature. Similarly, the notion of social co-responsibility requires that individuals, communities, peoples and nationalities, the private sector, social communities and the population at large, take care and protect nature.

Water and biodiversity must be treated as a strategic legacy, which, in turn gives rise to a number of challenges; achieving significant changes in the institutions that conduct environment policies, regulations and control is one such challenge. This also means fostering effective deconcentration in the territories, in articulation with the new State structure, under the principle of the recognition of population, cultural and environmental diversity, and always bearing in mind that Ecuador is part of the world community.

To this end, it is essential that the proposed changes come with effective transformations in the patterns of production and consumption, in order to prevent, control and mitigate environmental damage and strategically confront global warming.

[48] The rights of nature are provided in Chapter VII of the Constitution.

Policies

4.1. To preserve and sustainably manage the natural heritage, land-based and marine biodiversity, which must be regarded as strategic sectors.

4.2. To promote an integral approach to the treatment of Ecuador's hydrographic reality, including the State's strategic use of hydrographic basins, always bearing in mind their socio-cultural and environmental value.

4.3. To diversify the national energy matrix by promoting an efficient and greater participation of sustainable sources of renewal energies.

4.4. To prevent, control and mitigate environmental damage as a crucial contribution to the improvement of the quality of life.

4.5. To promote the adaptation to – and mitigation of – the variability of weather and climate with an emphasis on the process of climate change.

4.6. To reduce social and environmental vulnerability produced by natural and anthropic processes.

4.7. To incorporate an environmental approach in all social, economic and cultural public policies.

Goals

4.1.1 To increase by 5% the total area under a regime of environmental conservation by 2013.

4.1.2 To include 2,521 square kilometers of marine-continental coastline under an environmental conservation regime by 2013.

4.1.3 To reduce the rate of deforestation by 30% by 2013.

4.2.1 To reduce the presence of mercury in mining activities to 0.0001 mg/l by 2013.

4.3.1 To increase the installed energy capacity to 1.091 Megawatts by 2013 and an added 487 megawatts by 2014.

4.3.2 To decrease the ecological footprint so it does not exceed Ecuador's bio-capacity by 2013.

4.3.3 To raise the share of alternative energy in the total installed energy capacity by 6% by 2013.

4.3.4 To ensure that 97% of households have access to electricity by 2013.

4.3.5 To ensure that 98% of urban household have access to electricity by 2013.

4.3.6 To ensure that 96% of rural households have access to electricity by 2013.

4.4.1 To keep the average annual concentration of air pollution below permitted standards by 2013.

4.4.2 To remediate 60% of environmental liabilities by 2013.

4.4.3 To reduce the amount of PBC by 40% by 2013.

4.4.4 To reduce the amount of pesticides (POPS) by 60% by 2013.

4.5.1 To reduce to 23% the "high" level of threat of eco-systemic vulnerability to climatic change; and to 69% the "average" level of level, by 2013.

Objective 5: To Guarantee Sovereignty and Peace; to Promote Ecuador's Strategic Insertion in the World, and Latin American Integration

Sovereignty lies with the people; and their collective will is the basis of authority. The exercise of sovereignty is performed through public entities and institutions and through the direct participation of citizens established in the Fundamental Law. One of the main duties of the State is to guarantee national sovereignty.

Sovereignty relies on territorial and legal integrity. But the 2008 Constitution exceeds this traditional concept to give it political, territorial, nutritional, economic and cultural implications and significance. As a result, guaranteeing sovereignty implies maintaining and defending the State's political self-determination and

independence, both at the domestic and at the international level.

This new vision of sovereignty recognizes diverse forms of organization in society, aimed at developing process of self-determination and influencing public decisions and policies. It also rejects the traditional and homogenizing notion of the "mestizo" nation and emphasizes the need to recognize the diversity of the peoples and nationalities.

The National Government also seeks to strategically insert Ecuador in the international system, following the ideal of the peoples' sovereign integration. This integration requires mutual respect between States; the acknowledgement of the diversity of the different human groups that share global territory; and the protection and inclusion of fellow citizens beyond the borders.

The State rejects international relations of submission and heralds Ecuador as a territory of peace. Special emphasis is placed on not allowing sovereignty to be violated. Foreign policy also shifts its focus and gives due importance to South-South relations; foreign policy should promote dialogue and the construction of symmetric relations among equals to facilitate an endogenous economy for Good Living.

Food sovereignty implies a substantial change away from a historic condition of dependence and vulnerability in relation to production and consumption. Energy sovereignty, on the other hand, cannot be achieved to the detriment of food sovereignty, nor can it affect the population's right to access to water.

There is also a clear need to recover the State's economic and financial instruments to reverse the current patterns of foreign debt and align international cooperation and foreign investment to the National Objectives of development. Recovering the sovereignty of the radio-electric spectrum in order to promote sovereign cultural production with content compatible with the new plurinational and intercultural State, is also essential.

Policies

5.1. To exercise sovereignty and to foster the peaceful coexistence of people in a culture of peace.

5.2. To defend territorial integrity and the State's sovereign rights.

5.3. To reduce the vulnerability caused by dependence on external sources of food and energy.

5.4. To foster political dialogue and sovereign negotiations in international cooperation and economic relations.

5.5. To promote our integration with Latin America and the Caribbean.

5.6. To promote sovereign, strategic and complementary foreign relations with a framework of mutual solidarity.

5.7. To combat organized transnational crime in all its expressions.

Goals

5.1.1 To reduce poverty (unsatisfied basic needs) on the Northern border by 25% in urban areas, and by 50% in rural areas by 2013.

5.1.2 To reduce poverty (unsatisfied basic needs) on the Southern border by 20% in urban areas, and by 50% in rural areas by 2013.

5.1.3 To reduce poverty (unsatisfied basic needs) on the Central border by 25% in urban areas, and by 50% in rural areas by 2013.

5.1.4 To have no conflicts with either regular or irregular armed forces that affects national sovereignty or threatens the State, by 2013.

5.2.1 To half the inadequate use of household liquefied petroleum gas (LPG) by 2013.

5.3.1 To substitute imports of corn, soya paste, wheat and barley, and reduce foreign participation in domestic consumption to 40% by 2013.

5.4.1 To arrive at 60% of the cooperation flows included in the national budget, by 2013.

5.5.1 To increase the Latin American integration index to 0.4 by 2013.

5.6.1 To increase to 0.95 the relationship between industrial exports and non-oil primary exports by 2013.

5.6.2 To reduce to 0.65 the concentration of exports per destination by 2013.

5.6.3 To decrease by 13% the concentration of imports per country of origin by 2013.

Objective 6: To Guarantee Stable, Fair and Dignified Work in its Diverse Forms

Work is the backbone of society and is of fundamental importance in the lives of individuals and families. The 2008 Constitution recognizes work as a right and as a social duty; and in economic law it is deemed the source of personal self-fulfillment and the basis of economy.

In modern history, labor exploitation has consolidated a form of accumulation that does not favor the interest of workers. Work has been conceived as an exploitable and dispensable means, subject to dynamics that are alien to the intrinsic purpose of the process of production and to the family and social cycle.

The new Constitution proclaims respect for the dignity of working people by demanding the full exercise of worker's rights. This means fair compensation and reward, as well as a healthy work environment and stability of labor, in particular, in order to correct the asymmetry in workers' conditions throughout the country.

In Ecuador, the labor structure, with regards to the organization of production, is highly heterogeneous. Both in urban and rural spheres, most processes of production and service provision are based on small, family, associative or individual units, with popular, family dynamics, and workers looking at supporting themselves rather than aspiring to large-scale accumulation. These productive processes are also based on resources such as knowledge, skills, local savings, social networks, etc. By and large, however, this type of economic activity has performed in adverse conditions due to a lack of recognition from the State.

This Plan for Good Living recognizes and supports different forms of production organizations: community, cooperative, public, private, corporate, associative, family or household-based, autonomous, and mixed; as well as the different forms of work – including autonomous, subsistence or based on care for others – and family and neighborhood forms of reproduction and survival.

Social cooperation, which is characteristic of the subsistence and care economies, is an essential element to build a social economy based on solidarity and on a more equitable society. Associative productive forms, therefore, must be replicated in all sectors of the economy to generate better conditions for the individuals who participate in them.

Policies

6.1. To consider all forms of work, to generate dignified work conditions, and to ensure compliance with labor rights.

6.2. To foster the acknowledgement of autonomous work, human and family caring activities, subsistence activities, as well as the integral transformation of the conditions of workers.

6.3. To foster associations as the basis to improve work conditions and to generate new employment.

6.4. To promote fair wages, reward and compensation with no discrimination, and to reduce the gap between the cost of the "basic consumer basket" and the basic wage.

6.5. To foster economic activities aimed at maintaining employment and to promote the generation of new jobs, as well as the progressive reduction of underemployment and unemployment.

6.6. To promote safe, healthy, inclusive, non-discriminatory and environmentally-friendly work conditions and surroundings.

6.7. To foster training and education processes in the context of work.

6.8. To create the conditions for the absorption into labor and the productive processes of the migrant population returning to Ecuador, and to protect migrant workers.

Goals

6.2.1 To aim for a ratio of 1 in the equality of hours devoted to reproductive work by 2013.

6.3.1 To increase the number of foreign visitors to 1.57 million by 2013.
6.3.2 To double the percentage of people with an active participation in production, trade or agriculture associations by 2013.
6.4.1 To decrease the percentage of individuals who receive wages inferior to the minimum vital wage by 27% by 2013.
6.5.1 To decrease national gross underemployment by 10 points by 2013.
6.5.2 To reverse the growing trend of youth unemployment and reduce it by 24% by 2013.
6.5.3 To increase the access to higher education of population quintiles 1 and 2 by 40% by 2013.
6.7.1 To increase the average work productivity in the industrial sector by 25% by 2013.
6.7.2 To multiply by 4 the percentage of the economically active population receiving professional public training by 2013.

Objective 7: To Build and Strengthen Public and Intercultural Spaces for Social Interactions

The construction of spaces for collective interaction is essential in a democratic society. Public spaces promote a sense of egalitarian and active participation in the construction of collective projects that involve common interests, among citizens. For this purpose, a discrimination-free system of participation must be encouraged with the perspective of overcoming racism, sexism, xenophobia, and other discriminatory practices. Participation should be promoted bearing in mind the importance of spaces for exchange and deliberation.

Public spaces contribute to knowledge and development of culture, arts and communication. From the point of view of rights, these should be construed as public goods that foster dialogue, bridge differences and favor mutual acknowledgement between diverse individuals and social groups that compose Ecuadorian society. This in turn enables the free expression of beliefs, attitudes and identities. The state must create mechanisms that revitalize memories, identities and traditions, as well as promote the exhibition of current cultural creativity.

The generation of healthy, joyful, safe and inclusive public spaces must be encouraged so that individual may enjoy a non-instrumental use of their time. The use of free time in cultural, artistic, physical and recreational activities for all age groups improves the health, understood both in physical and spiritual terms, of the country's inhabitants.

Policies

7.1. To guarantee the right of people to access and enjoy public spaces in equal conditions.
7.2. To promote rights and duties regarding the use of public spaces.
7.3. To foster and optimize the use of public spaces to practice cultural, recreational and sports activities.
7.4. To democratize the supply of diverse cultural expressions by ensuring the free circulation, recognition and respect of multiple social identities.
7.5. To promote the creation and consolidation of permanent public spaces of interaction between diverse groups, that promote interculturalism, mutual recognition and collective expressions.
7.6. To guarantee the right to the free, intercultural, inclusive, responsible, diverse and participative communication of the population.
7.7. To guarantee the right to enjoy the city and its public spaces following principles of sustainability, social justice, gender equality and cultural respect.

7.8. To improve the safety levels of public spaces.

Goals

7.3.1 To multiply by three the percentage of people who perform recreational touristic activities nationwide by 2013.

7.4.1 To increase the weekly time devoted to culture by 40% by 2013.

7.8.1 To decrease the mortality caused by transit accidents by 20% by 2013.

7.8.2 To reduce the rate of homicides by 50% by 2013.

Objective 8: To Affirm and Strengthen National Identity, Diverse Identities, Plurinationalism and Interculturalism

In each period, historically conditioned systems of culture take the form that social life dictates and are transmitted from one generation to the other. This is what we call 'identity'; a group of features that express the relations of the communities with their historic and social conditioning. Both long-term and transient features can be identified. The first ensure the continuity of societies in time; mostly through tradition and historic memory. The second correspond to moments of social and human reality.

The interconnection between the social and cultural spheres implies that the State must preserve and guarantee cultural rights (both individual and collective), as a basic tenant of the reproduction of human life. Society, in turn, must be vigilant that the State complies with this role. State and society both have shared responsibilities in to ensure the conditions for the permanence and reproduction of culture in its multiple expressions.

Ecuador's plurinational and intercultural character means that the State must adopt a broad and inclusive conception of culture. The State must take into account and mirror the multiplicity of symbolic universes expressed in Ecuador's diverse historic memories, and recognize the practices and livelihoods of the different peoples and nationalities. Additionally, the State must recognize the practices of cultural groups that emerge as the result of contemporary social transformations.

This new perspective enables us to examine other forms of regional, gender and generational diversity and analyze each individual's capacity to contribute to the construction of relations based on equality, dialogue and creativity.

Interculturalism, together with plurinationalism and Good Living, implies being capable of reaching agreements between differentiated cultural, social, political and institutional actors, within the context of an inclusive, sovereign and reciprocal society able to establish a long-term development proposal to confront the challenges of globalization and its contradictions in the current world crisis.

Policies

8.1. To support the construction of a plurinational and intercultural society, in recognition of differences and mutual respect, under the principles of Good Living.

8.2. To overcome social and cultural inequalities by guaranteeing universal access to diverse cultural goods and expressions.

8.3. To promote the knowledge and expression of the diverse socio-cultural identities of the different peoples and nationalities that make up Ecuador, as well as of the Ecuadorians who live abroad, in order to strengthen Ecuadorian identity.

8.4. To foster and support individual, group and community cultural creative processes

in all their forms, languages and expressions.

8.5. To foster and support processes that preserve, strengthen and disseminate collective and individual memory and the country's cultural and natural heritage in all its wealth and diversity.

Goals

8.3.1 To increase the indigenous population's fluency in their native languages to 80% by 2013.

8.5.1 To ensure that 30% of national heritage sites are open to the public by 2013.

Objective 9: To Guarantee Rights and Justice

The main purpose of the new constitutional order is the acknowledgment, promotion and guarantee of rights. In this regard, it marks a difference with the former model since it redefines the relations between State, society and nature. Individuals, peoples and nationalities decide their destinies, and the State authority defines the cohesive mechanisms with which decisions contribute to the construction of a collective project.

The Constitution is the primary instrument for the guarantee of rights. It determines the contents of law; it provides mechanisms to guarantee rights; it establishes limits to the exercise and structure of power; and it can be directly enforced by any person, authority or judge. Therefore, in order to assure the exercise of rights, the Constitution subjects and limits all powers, including constituent power.

No less important is the recognition of the existence of other legal systems, such as the indigenous, regional, inter-regional and universal systems. This approach stands in stark contrast with the liberal model of the State, in which there is scope for but one legal system and human rights are subject to legislative approval. Similarly, the essential objective of the State is to promote equality and avoid exclusion and discrimination. In this way, the creation and enforcement of the judicial system are directly aimed at producing democratizing results.

This objective seeks to strengthen juridical pluralism and institutionalizes the principles of efficiency, timeliness, transparency, honesty and impartiality in the judicial system. Above all, it contributes to guaranteeing an egalitarian access to the administration of justice, particularly for people in need of priority services. There is thus an emphasis on the eradication of all forms of violence that infringe on the rights of individuals, communities, peoples and nationalities.

Finally, special attention must be given to the rights of prisoners and their families. Their rights should be guaranteed and protected through public policies seeking to transform the prison system into a rehabilitation system that generates opportunities for social and economic integration.

Policies

9.1. To enforce and practice juridical pluralism by observing constitutional rights.

9.2. To promote a code of laws consistent with the plurinational nature of the constitutional framework of rights and justice.

9.3. To foster an independent, efficient, effective, timely, impartial, adequate and integral administration of justice.

9.4. To eradicate practices of violence against the individuals, peoples and nationalities.

9.5. To promote a social rehabilitation system that enables the exercise of rights and responsibilities of imprisoned people.

9.6. To promote the knowledge of legal and juridical processes among the population.

Goals

9.3.1 To ensure that 75% of cases are resolved by 2013.

9.3.2 To reach 60% of efficiency in the resolution of criminal cases accumulated by 2013.

9.4.1 To reduce violence against women:
- physical violence by 8%.
- psychological violence by 5%.
- sexual violence by 2%.

9.4.2 To eradicate the aggressions of teachers in primary and secondary schools.

9.5.1 To reduce by 60% the current deficit of social rehabilitation centers by 2013.

9.5.2 To eradicate the incidence of tuberculosis in prisons by 2013.

Objective 10: To Guarantee Access to Public and Political Participation

The 2008 Constitution consolidates participation; and participation is a transversal axis throughout the constitutional text. Participation, for the exercise of popular sovereignty, should not only be performed through public entities, but also through mechanisms for the direct participation of individuals, communities, peoples and nationalities. In addition, the community of individuals entitled to participate directly in the country's decisions has expanded. Today, young people under 18, migrants, foreigners, the military and the police, as well as imprisoned individuals yet to be sentenced, may vote.

Community democracy is also acknowledged for the first time, alongside direct and representative democracy. In the Constitution, the subjects for participation are no longer only citizens, but also communities, peoples and nationalities. In this way, both individuals and collectives can wield an influence on decisions regarding planning, budgeting, management, regulations, control, and on the evaluation of public policies.

Promoting the participations of citizens implies reinforcing the collective organizations' democratic power; this means stimulating the capacity of individuals to mobilize individuals, communities, peoples and nationalities, to carry out voluntary, collective and cooperative actions of various types so that civil society may become the axis that guides the performance of the State and of the market.

A democratic government is obliged to stimulate citizen participation and social organization without monopolizing them; and to institutionalize mechanisms for their free participation in the State. As a result, true democracy must guarantee the generation and access to accurate and updated information on the population's life conditions; it must institutionalize mandatory accountability; and it must enforce compliance with electoral rules and quotas that guarantee parity representation.

Policies

10.1. To promote collective and autonomous organizations of civil society.

10.2. To reinforce, generate and innovate new forms of checks and balances and accountability for constituents.

10.3. To promote political and electoral participation under equal conditions in popular elections, official nominations and public institutions.

10.4. To guarantee free and timely access to public information.

10.5. To promote statistical and cartographic advances that generate quality information.

10.6. To promote sustained citizen training and educational processes that acknowledge and take into account multiple diversities.

Goals

10.2.1 To increase the participation of people older than 18 years old in organizations of civil society to 50%, by 2013.

10.3.1 To increase the participation of women in electoral contests to 30% of all candidates, by 2013.

10.3.2 To increase the participation of young people in electoral contests to 15% of all candidates, by 2013.

10.3.3 To increase the electoral participation of all Ecuadorians living abroad to 0.7, by 2013.

10.6.1 To reach the Latin American average in the people's professed support for democracy, by 2013.

Objective 11: To Establish a Sustainable Socio-economic System based on Solidarity

The 2008 Constitution establishes the Ecuadorian economic system as a social and solidarity-based economy. This, however, is not an exact depiction of the current reality, but merely a desirable objective. As a result, a transition must be undertaken from the current model based on neoliberal capitalist hegemony that deepens wealth concentration, fosters a loss of sovereignty, and encourages privatization, extreme forms of mercantilization, speculative and predatory practices against humans and nature, to a sovereign economic system modeled on Good Living, which seeks to overcome injustice and inequality.

The central focus of the new economic system is Good Living and food and economic security and sovereignty. Its aim is the reproduction of life cycles, in its integral sense, and the achievement of balances between production, work and environment, with self-determination, justice and sovereign international relations. This means fundamentally changing the economic cycle, that is, production, reproduction, distribution and consumption. It implies inaugurating a new productive system; from a primary export-led and extractivist model to a model that privileges diversified production and services based on knowledge and biodiversity, such as ecotourism and biomedicine.

This transition is especially viable because strong bases already exist in our economy for which to build this new model. There are today many diverse forms production and reproduction logics, especially the ones related to subsistence and family economies, although these have not been recognized by neoliberal logic. Popular forms of production with local roots, often embedding a sense of cooperation and reciprocity, or displaying knowledge related to conservation and natural resources, have remained a fundamental feature of the "other" Ecuadorian economy. This unrecognized and ignored form of economic production and exchange has nevertheless enabled many people to sustain basic production and livelihoods in the midst of the neoliberalism's eagerness for unrestrained accumulation, often fomented by national and transnational elites.

Economic diversity, as a key of transition, is inseparable from a form of economic democratization that comprises several different dimensions: access to resources in equitable conditions; revalorization and strengthening of actors, territories, processes and economic relations – particularly the relations that have systematically been confronted to great disadvantages that have resulted in poverty –; and direct participation in decision-making processes.

The State – not only in its role as regulator of the economy but as a redistributor and direct protagonist of economic activity – must play an essential role in the defense of economic justice and in the transition to another economic model. Actions, processes and policies such as deprivatization and the state control over strategic resources and infrastructure, are thus paramount. The State must play a crucial role in planning to achieve an endogenous economy

for Good Living; in investments and State's purchases, contracting and hiring of services, in order to create the appropriate productive conditions and to stimulate sectors and territories in disadvantageous situations; in the expansion and consolidation of public companies and services; and in the promotion of a regional and economic integration that benefits the country.

The new productive model also seeks to imprint a public character to technology and knowledge. The model must also be associated to a public financial sector that articulates the public, private and popular sectors, and which is able to direct national savings to national production in its diverse forms.

As part of the new economic cycle, and in defense of the need for a new social and environmental awareness, it is vital to generalize responsible consumption patterns that strengthen food sovereignty and the endogenous economy.

Policies

11.1. To promote a sustainable and territorially balanced endogenous economy for Good Living to guarantee rights. This economic system must seek productive transformation, diversification and specialization, based on the promotion of diverse forms of production.

11.2. To promote small-scale activities and medium-size units of economic association, and to promote demand for those goods and services.

11.3. To promote the productive conditions required to achieve food sovereignty.

11.4. To promote the sovereign development of strategic sectors, within a context of the environmentally and socially responsible use of non-renewable resources.

11.5. To strengthen and expand the coverage of basic infrastructure and public services in order to increase economic capacities and opportunities.

11.6. To diversify the mechanisms of economic exchange, to promote fair prices and quality schemes to minimize the distortions of intermediation, and to privilege complementarity and solidarity.

11.7. To promote adequate conditions for domestic and international trade, with a special emphasis on trade's relationship with production and living conditions.

11.8. To identify, control and sanction unfair competition practices, violations of economic rights and public and collective goods, to promote equal conditions and opportunities in the market.

11.9. To promote access to knowledge and technology, and to foster their endogenous generation as a public good.

11.10. To promote changes in consumption patterns, in order to reduce imports, and in particular imports for luxury items, and to generalize healthy habits and socially and environmentally responsible and solidarity-based practices.

11.11. To promote the ecosystem's sustainability by implementing clean production technologies and practices.

11.12. To seek macroeconomic sustainability by strengthening the public sector's economic role in planning, (re)distribution, regulation and control.

11.13. To promote national savings and investment by consolidating the financial system as a public service. There must be complementarity and synergy between the public, private and popular sectors.

Goals

11.1.1 To reduce the concentration of exports per product to 0.72 by 2013.

11.1.2 To reach 5% growth of the non-oil industrial GDP by 2013.

11.2.1 To increase the proportion of the role of small and medium-size companies in the State's purchasing of goods and services to 45% by 2013.

11.2.2 To deconcentrate the food commercialization market by 2013.

11.3.1 To increase the participation of national food production in relation to total supply to 98% by 2013.

11.4.1 To increase oil production (State and private) to 500.5 thousand barrels per day by 2013.

11.4.2 To reach a production of oil derivatives of 71 thousand barrels per day by 2013, and an additional 176 thousand barrels by 2014.

11.4.3 To increase the metal mining (gold) production under sustainable conditions for small mining companies by 79% by 2013.
11.4.4 To substitute 8 % of non-metal mining imports by 2013.
11.5.1 To reduce to 5 days the time for custom's release by 2013.
11.5.2 To decrease by 10% the average time of transport between cities by 2013.
11.5.3 To reach a development index for information and communication technologies of 3.34 by 2013.
11.5.4 To increase the rate of mobile cargo to 8.4% by 2013.
11.5.5 To increase passenger air transportation by 6.5% by 2013.
11.6.1 To reduce the concentration of exports per exporter by 0.06 points by 2013.
11.11.1 To increase the participation of the tourism sector in the non-oil exports of goods and services to 15.1% by 2013.
11.12.1 To reduce the percentage of non-registered imports by 50% by 2013.
11.12.2 To reduce the rate of non- registered exports to 1% by 2013.
11.12.3 To increase the share of investment of nominal GDP to 8.1% by 2013.
11.13.1 To increase the share of foreign direct investment of GDP to 3% by 2013.
11.13.2 To multiply by three the percentage of homes which dedicate their remittances to productive activities, by 2013.
11.13.3 To increase the public banks' volume of operations by 69% by 2013.
11.13.4 To increase the public bank's volume by 110% by 2013.

Objective 12: To Build a Democratic State for Good Living

Neoliberalism, with its state-weakening agenda, made the State into a representative of the interests of economic groups that ran public institutions with the sole aim of extracting resources from the population and transferring them to private elites. This was the basis of "predatory States."

Implementing a new strategy for Good Living requires a deep transformation of the State. Recovering national sovereignty and the public sphere, understood as everything that belongs to everyone, demands a radical process of democratization. One of the hurdles is precisely the democratization of the State itself.

The first step in democratizing the State implies recovering and strengthening its planning, regulating, control and redistributing capacities; deprivatizing it and forcing it to effectively represent public interest. The institutional reform of the State seeks to build an intelligent, dynamic and strategic State that requires consolidating efficient, meritocratic and result-oriented institutions.

The second step is the construction of the Plurinational and Intercultural State. It implies a broad process of institutional reform that makes intercultural policies possible. For this purpose, it is vital that the new State acknowledge the ancestral territories and the governments of the peoples and nationalities of Ecuador, the establishment of indigenous, afro-Ecuadorian, and *montubio* Territorial Constituencies.

The third step is the construction of a polycentric, deconcentrated and decentralized State.

A radical democratic State must be close to its citizens. It must also be territorially and culturally diverse. There is, therefore, a need to promote a sound process of deconcentration of the executive branch and a process of decentralization of political power in favor of the Autonomous Decentralized Governments. Building an efficient

public administration close to the people means working in an articulated fashion with different government levels. For this purpose, an equitable territorial organization must be promoted; one that favors solidarity and responsible autonomy, and strengthens the articulation of planning between different levels of government.

The central purpose of this process is effective public policies for human beings. This is why the fourth step in the process of State democratization is social and citizen participation at all levels of government.

The State is a key actor for change. It is the guarantor of the adequate performance of the market and intervenes to correct its monopolist trends. The State is responsible for the universal provision of goods and services for the purpose of enforcing the rights of people.

Policies

12.1. To construct the Plurinational and Intercultural State for Good Living.

12.2. To consolidate the new institutional organization of the State to recover the State's governing, planning, regulation, control, research and participation capacities.

12.3. To consolidate an articulated model of State management in order to deepen the processes of decentralization and deconcentration, and to promote a balanced form of territorial development.

12.4. To foster efficient and competent public services.

12.5. To promote quality, timely and continuous public services with ample coverage, and to strengthen regulation mechanisms.

12.6. To improve the management of state companies, and to strengthen regulation mechanisms.

12.7. To foster decentralized and participative planning with a rights-based approach.

Goals

12.1.1 To increase the participation of indigenous people and afro-Ecuadorians working in the public sector to 12% by 2013.

12.3.1 To reach 82% of households with access to public running water network by 2013.

12.4.1 To improve people's perception of the preparation of civil servants by 60% by 2013.

12.5.1 To increase to at least 7 the perception of the quality of public services.

12.6.1 To reduce electricity losses in distribution to 11% by 2013.

8. National Territorial Strategy

The National Territorial Strategy consists of a set of guidelines that match public policies to the characteristics of a geographically demarcated territory. This policy is intended as a reference to guide the creation and implementation of sectorial and territorial policies in accordance with the objectives and goals defined in the Plan. Hence, the Territorial Strategy should also serve as an instrument that facilitates coordination between different levels of government, in as much as it must help bring about a fluid relationship between territorial and national planning objectives.

Given that the configuration of national territory is a complex, fluid and dynamic process, it is important that any policy intended to articulate the diverse characteristics of a geographical area into coherent policies is flexible enough to be able to accurately and democratically reflect the visions and contributions of both the citizens and the institutions that act within a given area.

8.1. A New Territorial Model to Achieve Good Living

Territory and geography reflect the economic, political, and social history of a country or region in that together they constitute the spatial expression of diverse forms of accumulation and distribution of wealth. From this perspective, it is possible to see how both public and private policies are materialized and implemented within specific territorial boundaries. Looking at the history of Ecuadorian territorial occupation helps us to understand the processes of change that have taken place at economic, political and cultural levels. Geographical history, on the other hand, tells us more about the infrastructure, means of transport, agricultural production systems, and industrial facilities within a given area.

In other words, the territorial sphere must be understood as both a physical-spatial sphere, and as a sphere in which culture interacts with nature, i.e., as a series of "social-natural processes" that are "projected in territorial spheres" (Coraggio, 2009:13), and thus should be understood as processes that generate a series of complex dynamic relations.

Thus, it becomes evident that territory is intimately linked with the concept of Good Living proposed in the Plan, since it harmonizes the concept of the endogenous economy with strategies aimed at the strategic insertion of Ecuador into the world.

In order to effectively analyze the complex and multilayered interactions that occur within a given territorial boundary, it is necessary to understand what is happening on a number of

different levels simultaneously. This multilayered analysis spans from a micro-level analysis of the day-to-day affairs to an analysis of supranational interrelations between states. However, it also implies the need to understand the interaction between structure and agency.

Viewed from this perspective, it becomes evident that the making of the National Territorial Strategy is an organic process that is born out of the social, political, cultural and geographical realities of diverse territories that constitute the nation as a whole. The National Territorial Strategy seeks to transform the nature of Ecuador's interactions within the international system; to improve geographic distribution between urban and rural areas; and to enable a balanced and sustainable livelihood for the nation's inhabitants. Thus the plan must establish public policy guidelines for the effective management of national planning.

In order to fulfill these objectives, planning must be organized along technical and strategic lines, but most importantly, planning must reflect the participation of the territories' inhabitants. The aim of territorial planning must be to generate local capacities in a way that respects the coexistence of distinct cultures, reflected in a way that demonstrates a tolerance towards different approaches to problems-solving. Only through these participatory processes will it become possible to bring about an organized process of decentralization that is designed upon more equitable, inclusive, and sustainable principles that favor economic stability, transparency, solidarity, and co-responsibility.

8.2. The Historical Configuration of Ecuadorian Territory

The configuration of Ecuadorian territory has its origins in the pre-Inca empire. Since then, Quito has been the center of the northern Sierra. Following the arrival of the Incas and the settlement of Kapac Ñan (the territory's main axis), territorial settlement was organized according into *ayllus* and *llactas* (family groups and regions). These structures were responsible for the management of specific ecological areas and for the regional exchange of products. A hierarchical system was formed from Cusco to Quito, via Cuenca, all of which remain to be provincial capitals to this day.

The Spanish founded the cities on these Inca and pre-Inca structures and their system of domination included the appropriation of territories; and the displacement of Indian populations established in the central valleys of the Sierra. The appropriation was carried out through the establishment of *haciendas* and *obrajes*. In both the southern Sierra and the Amazon, the occupation of territory depended on mining exploitation systems called *mitas*.

In the 18th century a new fluvial system was established to facilitate the exchange of agricultural products and to further regional trade. This system connected the Port of Guayaquil to other towns along the Coast, which enabled the consolidation of settlements in the high and low basins of the Guayas River.

8.2.1. The Republican Territorial Model

Ecuador has always been subject to the whims of the world market, and has long since been a victim of the volatile consumption patterns of the industrialized countries. These factors have persistently conditioned any serious advances in national development, rendering the success of its economic policy to external factors, seemingly out of the control of State policies.

Over time, this model of accumulation increased the gap between rich and poor territories. This process was translated into infrastructure that prioritized the demands of the export–related sectors to the detriment of the development of domestic trade networks, thus, resulting in uneven development across the regions. Between 1980 and 1990, the neoliberal agenda further exacerbated this process. The Quito-Guayaquil bi-centralism was consolidated (Verdesoto, 2001) and, with it, an asymmetric degenerative territorial model was perpetuated.

By the end of the 19th century, the country already had 15 provinces, ten in the Sierra and five on the Coast. The Amazonian provinces were only created in the 20th century. While the foundation of many of these provinces did not respond to a specific demographic process, it was based on an exploitative model of wealth generation and on the establishment of regional chieftaincies. By the second half of the 20th century, demographic growth had increased substantially and, between 1950 and 2001, the population had quadrupled, albeit but with strong regional differentials (León, J., 2009).

Ecuador's human settlement network responds to the history of its economic development models. The cacao agro-exporting periods are, hence, clearly marked by the emergence of some of what are today the largest inland cities (near coastal cities). Later the period known as the banana boom, developed the ports and accesses to them. After the first stage of industrialization, the Sierra's backbone of the country's road network was constructed. Finally, during the oil boom, oil pipelines, the infrastructure for the huge oil industry, and the corresponding road network was built in the north of the Amazon region.

8.2.2. The Ecuadorian Geography[49]

The Andean Cordillera divides Ecuador's continental territory in 3 natural macro spaces or regions: the Coast, the Highlands (or Sierra), and the Amazon. While this division certainly corresponds to a set of indicators that measure altitude, soil types, and climate, it also corresponds to the evolution of a number of important cultural and social characteristics.

The Coast boasts the most favorable commercial conditions within the national economy primarily due to two significant agro-exporting cycles. The Amazon region however, has the most disadvantageous economic conditions despite the wealth generated through oil exploitation.

Complementary to the geographic division, two north-south axes have also emerged. The coastal strip that includes the ports of Guayaquil, Manta, Puerto Bolívar, and Esmeraldas; and the Pan-American Highway, which links the cities of Quito, Ibarra, Ambato, Cuenca, and others.

Both axes are connected through development nodes (urban groups or networks) and transportation infrastructure. In the case of the coastal strip, agricultural production and seaports are connected. What is now the Pan American Highway existed prior to the Spanish Conquest and has remained intact ever since.

Throughout history two cities have developed more dynamically than the rest of the country – Quito and Guayaquil. Quito is an Andean city, the capital and political center; and Guayaquil is a tropical city, boasting an international port. Guayaquil is considered to be the country's economic powerhouse. Together, the two cities represent almost 30 % of the population.

Along the axes that join these two large cities, an area of major population density and higher levels of infrastructure has emerged. A group of small urban centers has evolved, some of which are densely populated. On the margins, forested areas and sparsely populated border zones abound.

8.2.3. Reconfiguring the National Territory

The transformation of the national territorial structure requires public policies to be suited to the specific conditions and characteristics found in each region. Inter- and intra-regional synergies and network systems must be promoted to favor the country's endogenous development. The territories must be understood as

[49] This section is based on several works published by Jean Paul Deler where an interpretation of Ecuador's territorial organization was advocated. This interpretation enables to clarify the national territorial system and move towards an interpretation of its structure elements.

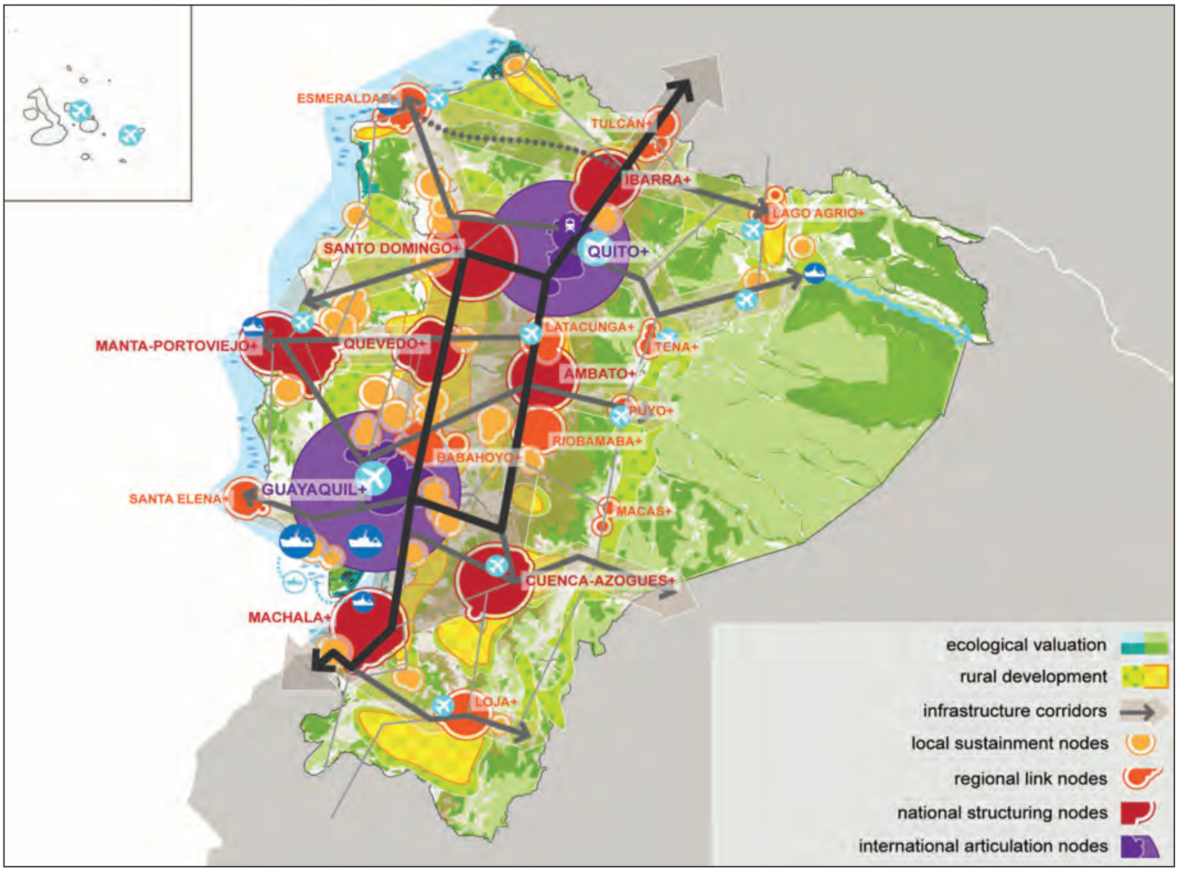
regions that possess specific functions which should be articulated in a complementary fashion. Policies should place equal importance on rural and urban areas. Great importance should be attributed to generating equal opportunities that ensure equal access to basic utilities, health, education, nutrition and housing.

It must be stressed that establishing the even development across the country, and ensuring the effective management and universal access to services will only be achievable if accompanied by strategic investments in key areas and consistent policy reforms.

Thus the Territorial Strategy should hinge on the following seven elements:

- To establish and reinforce a polycentric, articulated, and complementary structure of human settlements.
- To promote Good Living and food sovereignty in rural territories.
- To give priority to transport, connectivity, and energy.
- To guarantee the sustainability of natural through the rational and responsible use of renewable and non-renewable natural resources.
- To foster and promote diversity and cultural heritage.
- To foster a strategic and sovereign insertion into the world and to strengthen Latin American integration.
- To consolidate a decentralized and deconcentrated management model based on intelligent and participatory management policies.

Map 8.1: Graphic expression of the National Territorial Strategy[50]



Source: SENPLADES, 2009.

Prepared by: SENPLADES.

[51] The maps that are shown throughout the National Territorial Strategy are indicative; a graphic visualization based on coremas has been used to represent the national territory. The sectorial planning and development and land use management plans will produce more precise detailed maps.

8.3. Strengthening a National, Polycentric and Complementary Structure of Human Settlements

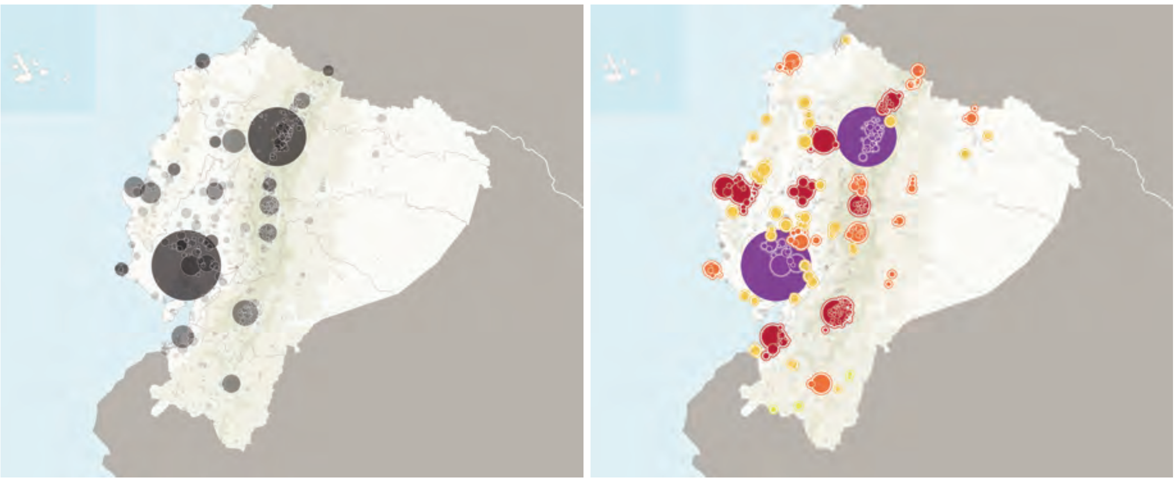
The consolidation of a national polycentric structure must be understood as the balanced distribution of human activities within a given area (CE, 2004.) It is about structuring a network of cities or urban units of different sizes in a complementary fashion that take into account several economic and productive activities that strive to achieve social, economic, and territorial cohesion according to the principles of Good Living.

With this we seek to guarantee rights; promote productive activities and stimulate productive chains; control and moderate urban growth based on the environmental capacities of surrounding areas; In addition to these objectives, policies must include plans for the viable management of waste disposal and pollution control. Finally, it is crucial to stimulate advances in research, science, and technology according to the specific needs of the territories.

The country's rapid urbanization over the last decades has created a densely populated urban system with network settlements (urban groups or nodes) that include cities, adjacent towns and surrounding areas that reveal a series of territorial imbalances. Some zones have serious limitations derived from their geographic characteristics, peripheral areas with serious problems of accessibility, and remote rural territories, all with poverty-related problems.

Based on these characteristics of the national territory, (size and distance), four categories of urban groups have been identified through which it is hoped to improve the distribution of services and foster synergies.

Map 8.2: Analysis of Human Settlements Incorporating Population and Functional Relations



Note: The following urban groups have been designated:

- Sustainment groups, with 20,000 to 50,000 inhabitants, profiled as gathering centers and trade zones.
- Regional link groups, with 200,000 to 500,000 inhabitants, structured as regional exchange centers with a first-order industrialization level.
- National structuring groups, with 500,000 to 1,000,000 inhabitants, profiled as centers of research, technology transfer, and advanced industrialized processing and have higher productive diversification.
- International articulation groups with 2,000,000 to 3,000,000 inhabitants that, due to their scale, constitute a set of national and international financial, administrative, and commercial exchange services.

Source: INEC, 2001. Population projection, 2009.

Prepared by: SENPLADES - Dirección de Planificación Territorial/Subsecretaría de Planificación.

8.3.1. Guarantee of rights and basic service provision

The polycentric, universal human settlement system aims to improve universal access to the following services:

- Expansion of health, education y social protection services.
- The supply and improvement of basic services such as drinking water, sewage management, and effective, safe waste disposal systems.

Autonomous Decentralized Governments must play a key part in this territorial planning process.

Each type of human settlement or urban group network has specific requirements that enable it to potentiate its functions in the national context. The Chart below resumes the articulations required to strengthen each type of urban group.

Chart 8.1: Functions According to the Urban Group Typology

Characterization	Urban Group Typology			
	Sustainment	Regional Link	National Structuring	International Articulation
Population by 2025	Range between 75,000 – 100,000 inhabitants	Range between 250,000 – 500,000 inhabitants	Range between 750,000 – 1,000,000 inhabitants	Range > 2'000,000 inhabitants
Education	Primary & secondary education. Technical schools and crafts centers, workshop schools and experimental research centers	Technical schools and crafts centers, workshop schools and experimental research centers according to to productive calls.	Higher education institutes; university conglomerate. Capacity ranging between 50,000 – 100,000 students.	Higher education institutes; university conglomerate. Capacity ranging between 100.000 a 250.000 estudiantes.
Health	Basic hospitals, emergency units, day hospitals, medical and dental offices.	Basic hospitals, emergency units, day hospitals, medical and dental offices, physical rehabilitation centers, general hospitals and clinics.	Specialty hospitals.	Specialty hospitals.
Productive Matters	Gathering centers, seed banks, agricultural product sales.	Concentration of industry, manufacturing, and transportation companies.	Technology economy, productive platforms (related to universities).	Financial services, high technology economy, industrial platforms.
Mobility, Energy & Connectivity	Secondary road network with two lanes per way.	Secondary road network with two lanes per way.	National airports secondary road network with two lanes per way. National ports.	International airports and ports, multi-modality transfers, main road network with three lanes per way.

Source: SENPLADES, 2009.

Prepared by: SENPLADES.

8.3.2. Productivity, Productive Diversification and Generation of the Territories' Added Value

Territorial productivity requires synergies between the rural and urban productive systems in order to promote the endogenous economy. It is important to emphasize the importance of systemic productivity beyond the mere notion of competitiveness. Competitiveness is conceived as the different possibilities that emerge as a result of establishing linkages between the various levels of economic activities.

In order to overcome the urban-rural dichotomy which agricultural production faces in the national and international system, the polycentric structure must be founded in the notion of strengthening value chains and generating employment. This means strengthening the *sustainment (agro) productive* nodes corresponding to the basic rural development spheres; linking them to diversified modes of production.

8.4. Promoting Good Living and Food Sovereignty in Rural Territories

Good Living in rural territories is based on regenerating national food production, mainly from peasant production, to guarantee the social regeneration of the rural population and to guarantee that fair, sustainable rural development policies translate into national development. In order to conduct endogenous development in the rural territories, an associative agro-production model must be pursued by identifying optimal agricultural production units for each context boosting economic efficiency of agro-cattle-raising production, employment, income, and wealth generation (net added value) (Brassel, 2008: 11).

For this model to prosper, a context of basic development support and Good Living in the rural territories must include the democratization of the means of production means, the strengthening of short productive chains; product diversification; commercial associativity; adequate transport infrastructure etc.

8.4.1. The Basic Territorial Context to Support Rural Development

Support for rural development policies must include the following:

- A minimal level of product diversification and complementarity in the productive chain.
- Prioritization of autochthonous production based on locally-found resources and local knowledge.
- Clusters and micro-service supplies so as to boost local services and consumption.
- A minimum level of associativity that is capable of providing producers with organizational and to facilitate the processing, commercialization, and distribution of their products.

8.4.2. Agro-food Production Diversification: Sovereign, Healthy and Efficient Production

Primary or rural production must consider three main markets, in this order: internal consumption to guarantee food sovereignty; production intended for the national industry aimed at creating productive chains, the generation of employment and added value; an export market that favors an intelligent and sovereign insertion into traditional and alternative international markets.

Diversifying production is a step towards the consolidation of short production chains, thus returning capital flows to rural spaces. It also diversifies the sources of income and reduces the economy's dependence on local, national, and international market flows.

8.5. Increasing the Efficiency of the Transport, Energy and Connectivity Infrastructure

Mobility, Energy, and Connectivity infrastructure must be organized so as to facilitate corridors that benefit the exchange and flow of goods.

8.5.1. Mobility: Vertebral Axis and Horizontal Links

The term 'mobility' must take into account all elements required to satisfy a persons' need to move about freely; to communicate with distinct points locations across the expanse of the territory; to have access to basic services, and to move about within areas of production and commercialization.

The management of transport infrastructure requires an analysis of the current demands that arise out of the need to transport merchandise and passengers between destinations, bearing in mind the need to move towards more environmentally and socially sustainable transport systems. However, it also important to include the risks inherent in the planning of transport infrastructure given that Ecuador is a territory with a high concentration of environmental threats capable of restricting the free access of persons and goods.

Horizontal links or longitudinal corridors must also be considered. These axes create road networks that contribute to industrial development, promoting the creation of productive chains and thus strengthening the endogenous development model.

In order to have an integral vision of the road system, we need an overall vision of the country's transport infrastructure including ports, airports, bridges, and railway stations.

The air transportation sector needs requires the renovation of air transport facilities to ensure the eventual compliance with air safety regulations. The effective management of these facilities is vital to the development of both domestic and international tourism infrastructure.

8.5.2. Energy Production, Transmission and Distribution

The development of the energy sector is a key factor for Ecuador. It is crucial to be able to guarantee energy supply through the generation of hydroelectric power.

The generation of thermoelectric power is to be reduced, and the transmission and sub-transmission networks strengthened by adapting them to the estimations of future supply and demand of electricity. This strategy however, must be complemented by the country's gradual move towards of other renewable energy sources: sun, wind, geothermal, biomass, and tidal power by establishing electric power generation form other renewable sources considered to sustainable, long-term alternatives.

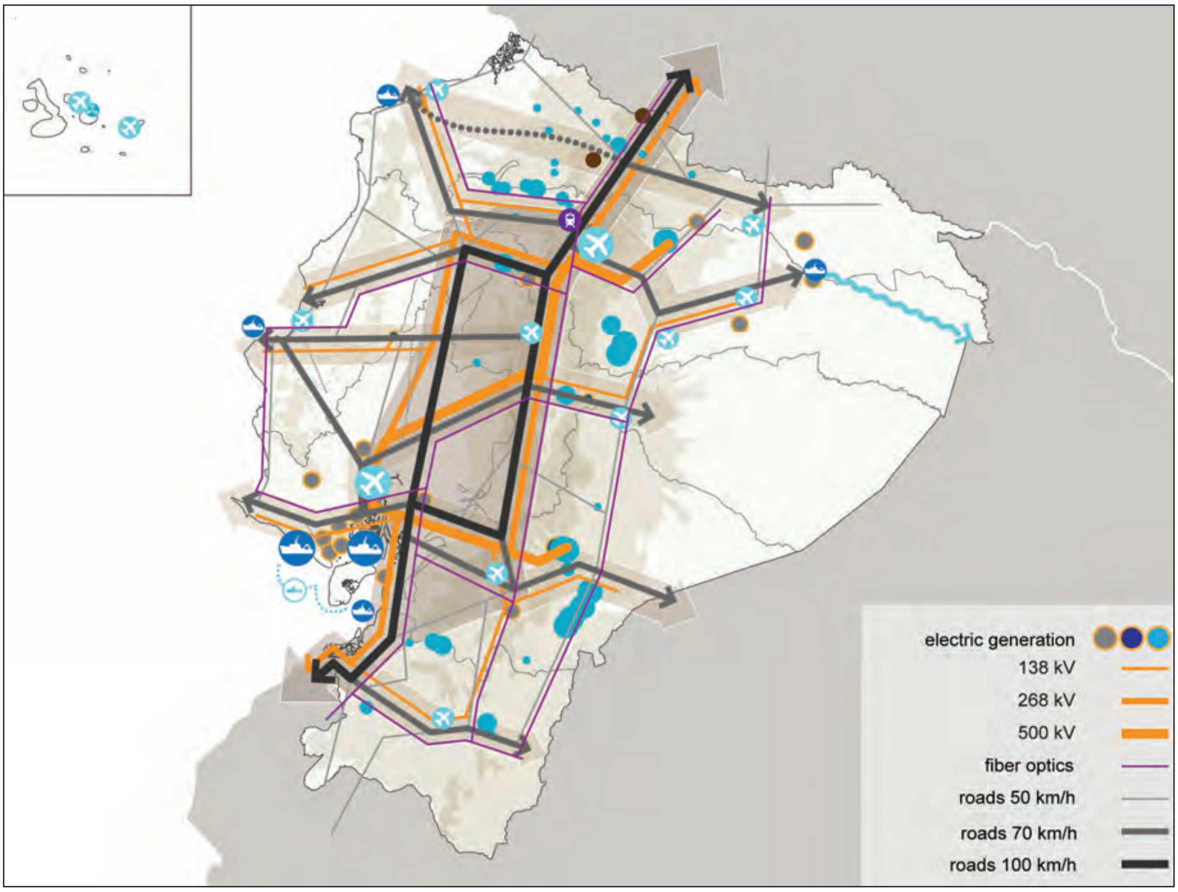
All these initiatives must observe to strict environmental regulations, and must obey equitable principles of power distribution policies.

Finally, public lighting infrastructure must be improved and expanded and specific rules must be issued for urban historic centers. The expansion of power and connectivity networks in rural zones must be a priority.

8.5.3 Connectivity and Telecommunications

Over the last few years, the telecommunications sector in Ecuador has developed unevenly. It is evident that there is a permanent growth of supply and demand of mobile phones. Land lines however, have stagnated somewhat. Nevertheless, international market trends show that fixed telephone lines can still develop with the use of new technology, and new innovative services, such as Triple Play (television, telephone, and internet), broadband, etc. Furthermore, the access to Internet shows an imbalance that gives priority to the most densely populated urban centers.

Map 8.3: Corridors of Mobility, Connectivity, and Energy Infrastructure



Source: Electric power (Plan for the electric sector's expansion - MEER and Transelectric 2008), Connectivity-Fiber Optics (Corp. Nac. Telecommunications, Fondo Solidaridad, 2009), Road Administration (MTOP, 2008), Ports (Dig. Mer, 2005; IGM, 2003), Airports (DAC, 2003.)
Prepared by: SENPLADES.

The need to expand the fixed telephone network and the access to Internet nationwide has been identified. New infrastructure must be developed in the marginal urban and rural zones of the country in order to democratize the access to technology. The access to these basic services must be guaranteed in all public schools, community centers, and government offices at every level.

8.6. Guaranteeing the Sustainability of the Natural Heritage through the Rational and Responsible Use of Renewable and Non-Renewable Natural Resources

The Ecuadorian natural heritage is a strategic resource of national importance for Good

Living which must be used in a rational and responsible way, by guaranteeing the rights of nature, as set forth in the Constitution. The geographic characteristics of the country, formed by natural, agro-cattle-raising, and urban areas, must be construed as one single territory, each with their respective function.

8.6.1. Biodiversity

Ecuador, one of 17 megadiverse countries in the world, has the highest concentration of species, containing between five and ten percent of the planet's biodiversity.[51] The country consists of the Galapagos Archipelago, a living laboratory of the evolution of the species; and the Amazon, a world-class natural reserve with unparalleled biodiversity.

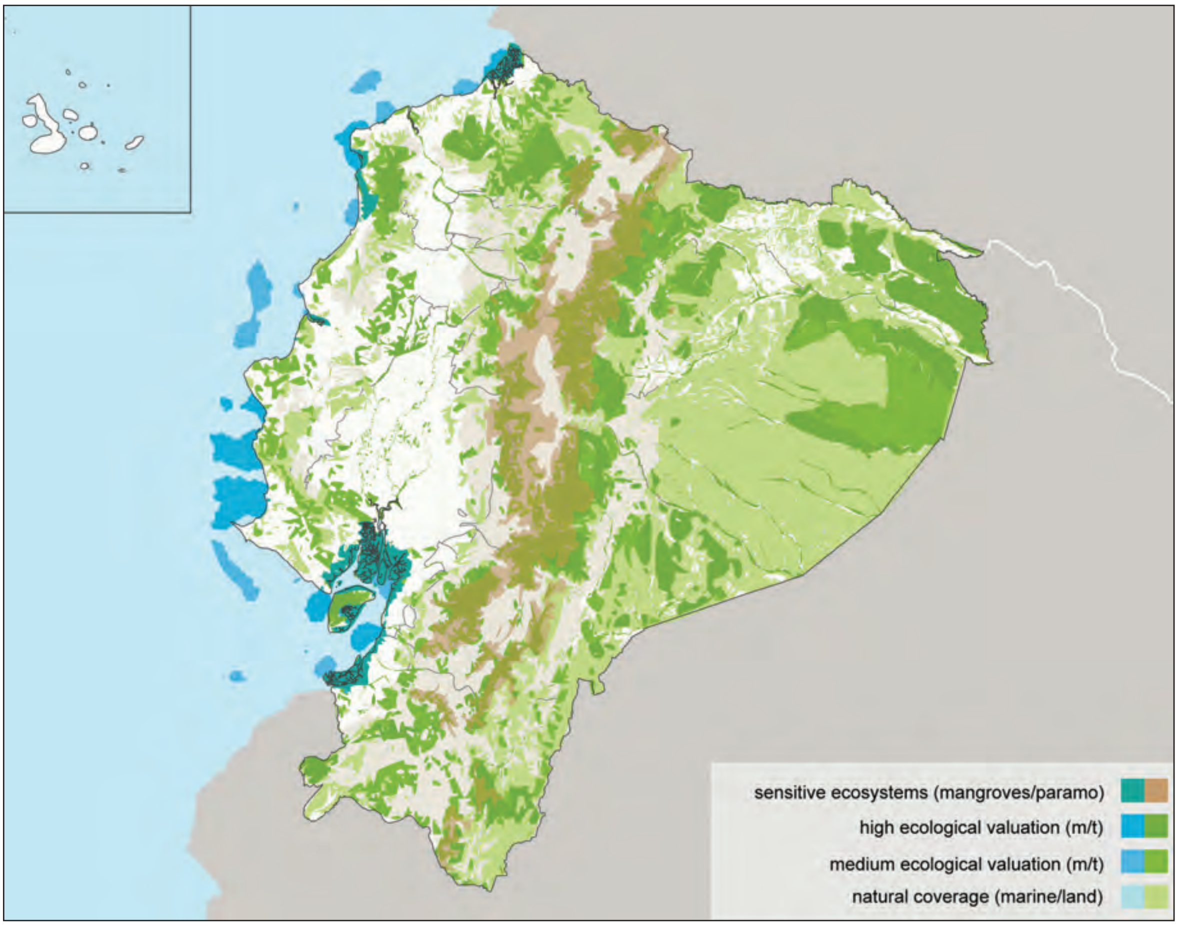
In spite of the existence of certain areas that currently form part of the State's Natural Area Heritage (PANE), the State is obliged to conserve "all" natural areas (land and marine) that exist within the boundaries of national territory, not only those marked out by PANE.

Nature has a direct and indirect value on society's activities. Biodiversity must be understood as an important source of science, technology, and related economic activities, a guarantee of food sovereignty and safety, a source of national and international tourism: and in the case of forests, a source of oxygen with important potential in the world of carbon bond markets.

Land and marine biodiversity management demands the active involvement of communities in the sustainable administration of natural areas and their buffer zones. Additionally, it is important to foster the recovery of degraded soils, reforestation, and the sustainable management of the land. This also implies putting in place rigorous controls that limit the expansion of the agricultural borders, based on the careful identification of soil use according to productive inclinations and capacities.

[51] "The areas of natural vegetation coverage constitute 52% of the Ecuadorian territory of which around 17% is composed by the "State Natural Area Heritage" (PANE) which include the National System of Protected Areas and protecting blocks. Additionally, marine protection areas shall be added – 1,164 sq. km and 47,098.58 sq. km of the Galapagos Archipelago protection" (MCPNC, 2009.)

Map 8.4: Valuation of the Natural Land and Marine Coverage



Source: Remnant vegetation per continental ecosystem (PROMSA 2002, Ecoscience 1999.) Identification of conservation gaps and priorities for land biodiversity in continental Ecuador (EcoCiencia, TNC, CI, MAE, 2006)
Prepared by: SENPLADES.

8.6.2. Managing Hydrographic Basins and Hydric Resources

Water is a fundamental human right; the State is obliged to guarantee its adequate usage and distribution by giving priority to human consumption over other uses, such as irrigation, food sovereignty, and other activities for which an adequate pollution control of all hydric sources is necessary.

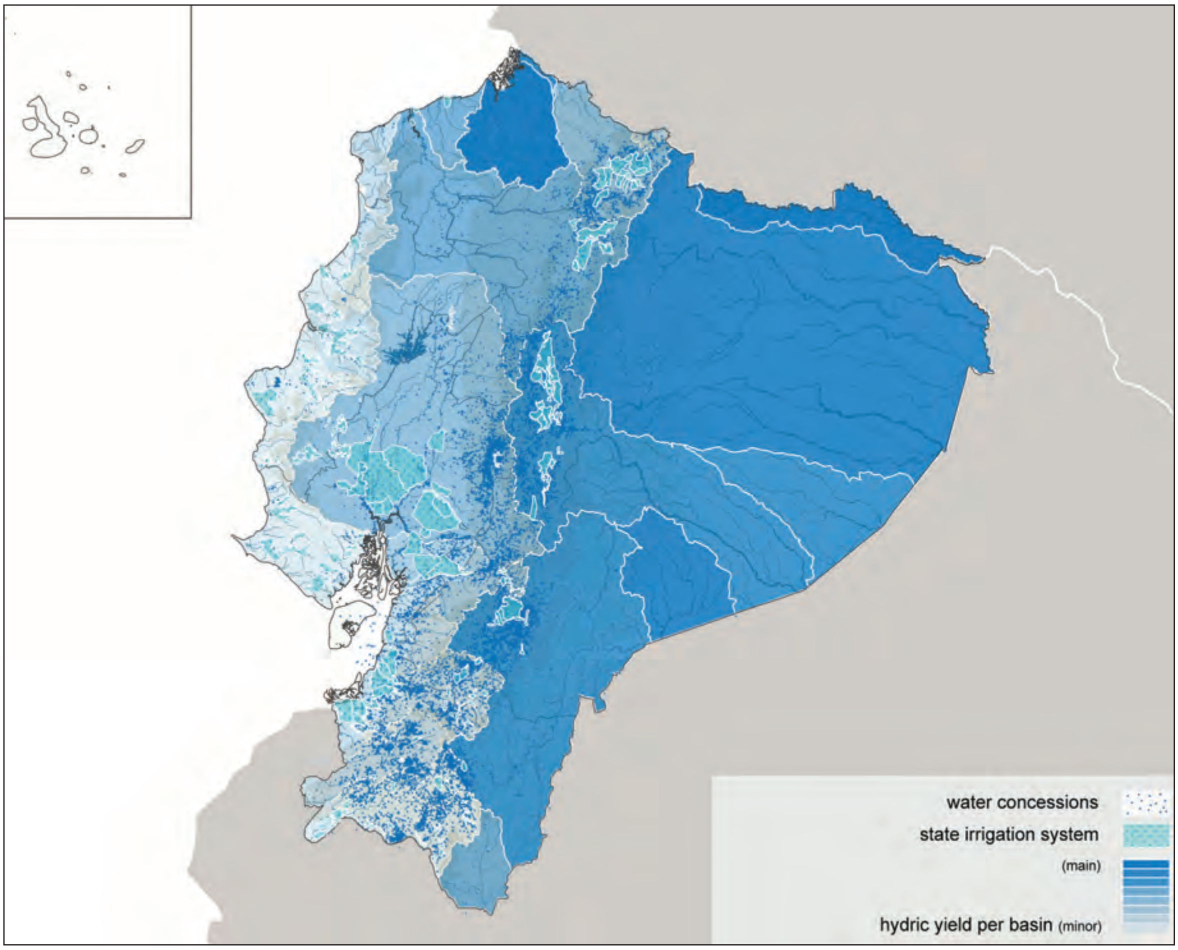
In terms of hydric resource availability, Ecuador is a privileged country. Nevertheless, the distribution of runoff waters inside the territory is irregular. This generates zones with large deficits which are particularly exacerbated in densely populated, urban areas: and in areas with were citizens are unaware of the adequate use and preservation of water. The Territorial Strategy seeks to achieve an integrated and sustainable management of water in each hydrographic basin, intended for human consumption, irrigation, and power generation. Besides, implementing solutions to minimize the impacts of liquid waste and water pollution on natural streams are extremely important.

The percentage of power generated by hydric sources has dropped. Whereas in 1994 it represented 58%; it dropped to 42% in 2006 as a result of the lack of investment in the sector and the increased use of thermoelectric power.

This gave place to periodic electric shortages across the country. In this context, one of the State's most important projects is to change the energy matrix to increase power generation through hydroelectric and other renewable sources. The responsible and technical use of water must be fostered for the generation of hydro- power.

To complement an integral management vision, we must also consolidate a culture of the good use of the water resource and prevent the risks generated by floods and draught. For all this to be possible, an adequate inter-institutional management is essential to allow improving this strategic resource. Finally, the required social organization must be considered for the administration and management of hydrographic basins taking in consideration the diverse usages and users based on the constitutional precedence and under the fundamental precept of the universal access to water.

Map 8.5: Hydrographic Basis and their Hydric Volumes



Source: SENAGUA 2009.

Prepared by: SENPLADES.

8.6.3. Non-Renewable Natural Resources

One fifth part of the surface of the Ecuadorian territory shelters important non-renewable natural resources: oil reserves, mineral and non-metal reservoirs. Their exploitation – even with all possible precautions in place – inevitably has an environmental impact. Nevertheless these resources provide source of income for the country.

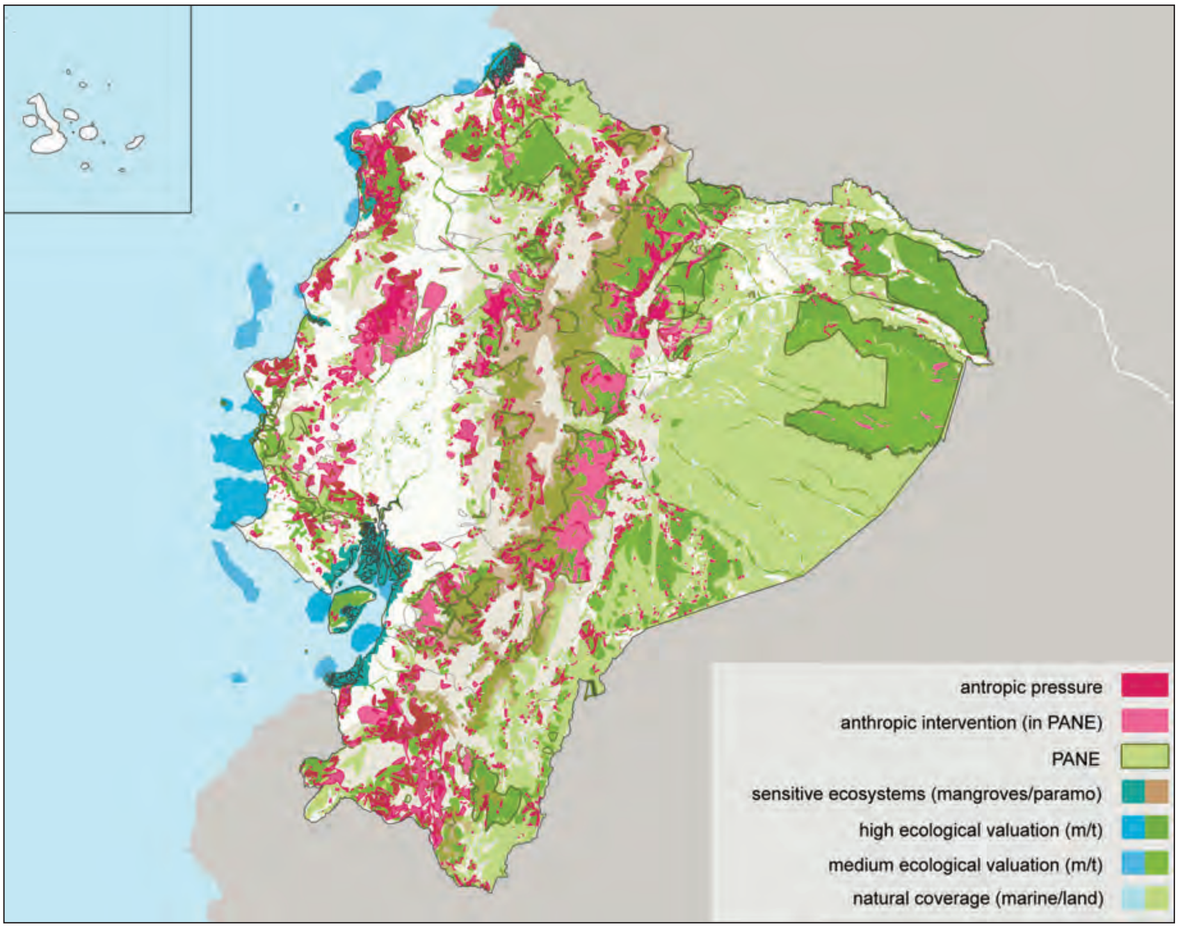
The Ecuadorian State recognizes the substantial importance that the extractive activities hold for the country's economy, and considers that these activities must take place, but only on the condition of strict compliance with environmental rules and regulations. Additionally, projects for environmental restoration, rehabilitation, and remediation of the existing extractive areas are required. The participation of the local communities, who should benefit directly from the projects, should be consulted at every stage of the projects' conceptualization and implementation.

Above this series of natural expressions there are populations, infrastructure, and services that have not necessarily considered their exposure to a threat of such high vulnerability and that put the country under the risk of disasters of different magnitudes. Many of these disasters could be preventable if some measures are taken, i.e., an adequate land use management, investment in planning, a tradition of crisis prevention, strengthening of the capacities of the different actors that can intervene in crisis prevention of natural disasters etc.

8.6.4. Integral Management and Risk Reduction

"In Ecuador, several factors pose threats, such as abundant rainfall, steep and expanded streams, geological formations subject to erosion, fluvial plains with weak slopes (the Guayas Basin): and the subduction zones between the Nazca Plate and the South American Plate (one of the world's most active plates) that generates earthquakes, explosive volcanic eruptions, etc." (Trujillo, D'Ercole, 2003: 111).

Map 8.6: Natural Coverage and Anthropic Pressure Zones



Source: Multi-threat map (DINAREN-MAG, INFOPLAN, INAMHI, IGM, IG/EPN, IRD, CEC, 2000.)
Prepared by: SENPLADES.

8.7. Promoting diversity and Cultural Heritage

The construction of the Plurinational and Intercultural State requires unity in diversity, where the Ecuadorian society recognizes the existence of indigenous, afro-Ecuadorian, and *montubio* nationalities as political subjects with their own rights. One of the aims of the Plurinational State is to guarantee the effectiveness of the right to different forms of freedom, since no subject prevails over any other (Chuji, 2008: 11.)

In this sense, the following are important challenges for the country: to acknowledge the importance of culturally different territories, peoples and nationalities, and their gradual conformation as indigenous territorial constituencies. In this sense, ancestral cultural practices must be respected; the heritage must be revaluated; archaeological sites and local cultural practices must be protected; the knowledge of cultural diversity must be promoted in the population; national and international tourism must be promoted by respecting and protecting the territories; and integral compa-

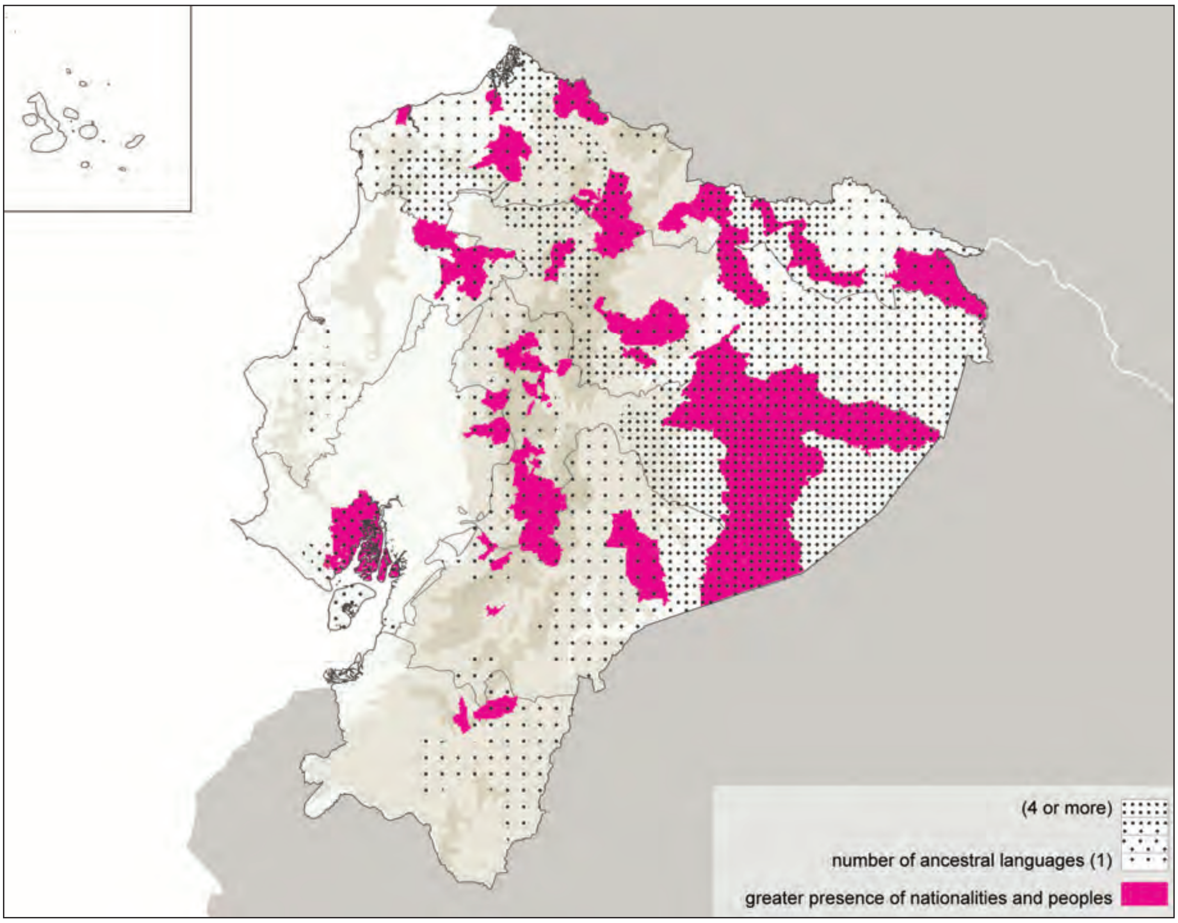
ny-territorial administration processes must be started with clear programmatic agendas from the different sectors and government levels.

8.7.1. The Peoples and Nationalities of Ecuador

Ecuador is composed of 14 nationalities and 18 indigenous, afro-Ecuadorian and *montubio* groups of people. Twelve languages are spoken throughout the territory; these languages need to be recognized, known and potentiated as part of Ecuadorian identity and the country's historic-cultural heritage.

The strategy proposes a territorial model that recognizes the rights of the peoples and nationalities.

Map 8.7: Greater Presence of Peoples and Nationalities & Ancestral Languages



Source: SIISE 4.5, Languages: INEC, 2001.
Prepared by: SENPLADES.

8.7.2. Cultural Heritage and Tourism

The Ecuadorian tangible and intangible cultural heritage is composed of its languages and forms of expression; urban buildings and monuments, spaces and conglomerates; documents, artifacts and collections; artistic, scientific and technological creations and innovations. All these elements generate a very rich cultural wealth. However, the absence of a sustained and deep reflection on culture and on its relation with other areas of social life (economic, social developmental, political, environmental, educational, health-related, etc.), generates a gradual loss (both material and immaterial) of

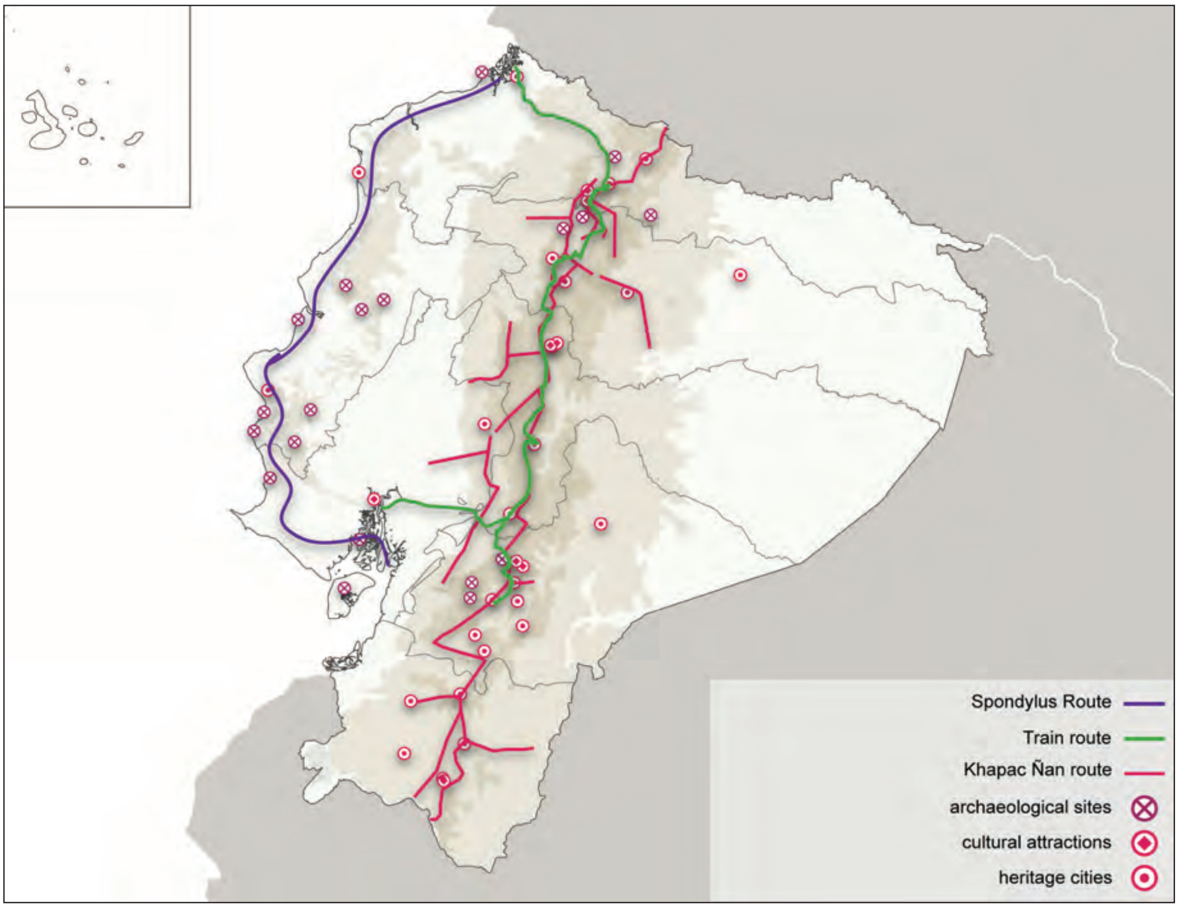
the cultural base itself. Therefore, it is urgent to reorganize the public cultural sector in order to strengthen the creation of a new system of values expressed in acknowledging diverse identities in which we can all recognize ourselves; and to promote the rich traditions inherited from our past.

From a territorial approach, cultural public policies must be equitably structured in the territory by balancing investment to the less known and less privileged sectors.

Cultural wealth and our great natural biodiverse heritage make of Ecuador a privileged touristic destination. However, many of the territories with a touristic potential are poor areas with low levels of service-coverage. We need, therefore, to insist on the concept of the endogenous economy focusing on sustainable touristic activities as an option for the local populations and on channeling their benefits to improve their quality of life.

Finally, we should not lose sight of Ecuador's towns and cities. Among them, 22 cities are an important part of the nation's cultural heritage; and two, Quito and Cuenca, have earned the title of World Cultural Heritage. Policies to give incentives to the conservation and restoration of this heritage must be implemented.

Map 8.8: Heritage Cities, Touristic Routes, and Cultural Diversity



Source: Tourist routes (PLANDETUR, 2008), AIP Pluri-annual, MCPNC, MINTUR, 2009.

Prepared by: SENPLADES.

8.7.3. Strengthening Social Networks

In order to boost the endogenous economy, the joint articulated action of individuals and groups is required. The actors of civil society must undertake social surveillance and control of public institutions.

Strengthening social networks implies guaranteeing the citizens' participation by generating of spaces for interaction between different actors. This, in turn, may democratize the relations between State and society at all government levels and actively involve society in all phases of public administration.

8.8. Fostering Ecuador's Strategic and Sovereign Insertion in the World, and Latin American Integration

South America is living a series of transformations. The democratic election of progressive left-wing political coalitions, and the intense activity and involvement of society in the processes of change, have inverted the economy of power.

The early twenty first century is marked by a geopolitical dispute that leaves behind the traditional balance of power and opens the door to a multipolar international system. Ecuador appears as a vanguard actor in this change. It has also proposed to significantly change the country's strategic insertion in the region and the world.

Ecuador's new insertion is strategic because it is goes hand in hand with the best interests of the population as a whole, and not with the exclusive interests of dominant elites. And it is sovereign because sovereignty lies in the people. After the neoliberal years, when the State was used to serve private and corporate interests and its regulating and planning capacities were taboo, it was especially important to recover sovereignty as a democratic exercise of popular power.

8.8.1. Latin American Integration

From the territories, integration means reopening debates that were closed with regards to the meaning of nationality, democracy, representation, etc. The construction of new spaces of governance surpasses the confines of the nation-state. In this way, Ecuador is puts emphasis on a harmonious integration within South America, in the framework of South-South relations to reverse the current patterns of northern domination. Ecuador must participate in these processes actively and by exercising leadership.

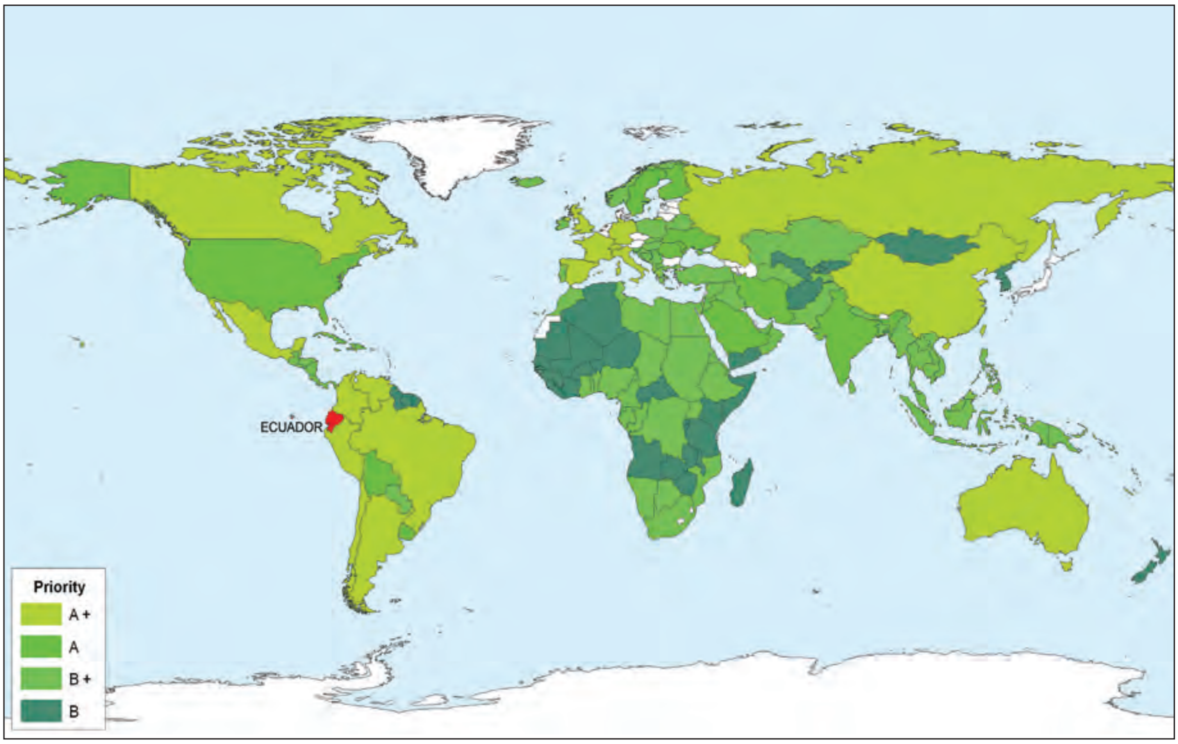
UNASUR is a vital aspect of this new dream. Initiatives such as the Bolivarian Alternative for the Americas (*Alternativa Bolivariana para las Américas*, ALBA) also play a creative-critical role.

Territorial planning, therefore, confronts new challenges: first, they are territories per se, with their own complexities and potentialities; second they are part of a national whole where the country's interest prevails; third, they are part of an Andean region where borders must be spaces for peaceful dialogue; and finally, they are part of a macro system that must strengthen South America as a whole and not only certain zones to the detriment of others. The country's links with Central America and the Caribbean must also be considered.

8.8.2. Ecuador's Insertion in the World

Ecuador aspires to play a leading role in the world. Ecuador has demonstrated this leadership with new and refreshing initiatives which mean has been a vanguard of the environmental struggle. The Yasuní-ITT Strategy aims to achieve a profound change in the interrelations between society and the environment.

Map 8.9: Priority Countries to Diversify Our International Relations



Source: SENPLADES, 2009.
Prepared by: SENPLADES.

8.9. Consolidating a Decentralized and Deconcentrated Management Model with Territorial Planning and Administration Capacities

The territories have great inequalities; the gaps in the quality of life and satisfaction of basic needs have grown because of an unequal allocation of resources, which is particularly conflictive when there is no coordination between the Central Government and the Autonomous Decentralized Governments (Barrera, 2006.)

The decentralization policies implemented in Ecuador during the last decades have been unsuccessful because of a lack of institutions, the absence of an adequate legal framework, and the local governments' limited capacities to take on new functions.

8.9.1. Decentralization and Deconcentration[52]

A successful decentralization model implies a radically different State; one that deepens the democratic system with a territorial and spatial approach. Decentralization must be integral and multidimensional. It must boost potentialities, emphasize economies of scale and fiscal consistency but, above all, it must be a true answer to the population's needs.

In order to consolidate the decentralized and deconcentrated State, the Autonomous Decentralized Governments must be strengthened and the national development objectives

[52] See "En búsqueda de salidas a la crisis ética, política y de pensamiento", Falconí y Muñoz, 2007.

identified in this Plan must be articulated with those pursued by the goals of the Autonomous Decentralized Governments. In this context, the political support for the formulation, application and concretion of the development plans, as well as the implementation of spaces for participation and deliberation, are both essential.

8.9.2. Management Capacities and Territorial Planning

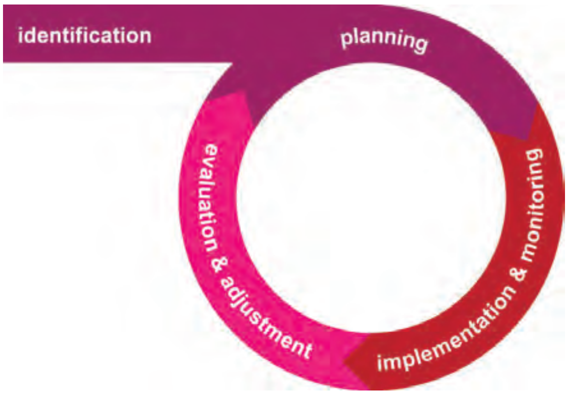
While most of the Autonomous Decentralized Governments have developed diverse planning instruments, they have not as yet been effectively implemented. This is because of a number of reasons: the contents of these instruments are not of good quality because of insufficient information; they do not include mechanisms of control, follow-up and evaluation; they have no internal political endorsement; they are inconsistent with the central government's territorial policies; or they do not allow the appropriation of the policies by public and private actors within their respective spheres.

In this context, the Plan must be an instrument that steers the budget, public investment, debt, and it must be a public policy instrument that enables the coordination of the different government levels, particularly in the areas of development planning and land use.

Likewise, development planning and land use management must be located within the framework of the National Decentralized System for Participative Planning. In relation to planning procedures, a number of tools and instruments are currently being developed to establish the priorities of territorial development, access to information for decision-making processes, resource allocation, and evaluation at each level of the country's territorial organization.

This is why development planning and land use management are part of a same continuous and cyclical process. It requires a number of planning phases and a territorial management with permanent monitoring, adjustment and evaluation processes.

Figure 8.1: Planning - a continuous and cyclical process



8.10. Guidelines for Territorial Planning

The 2009-2013 National Plan for Good Living is the reference for territorial planning. The National Territorial Strategy must be construed as a set of guidelines for planning at all government levels.

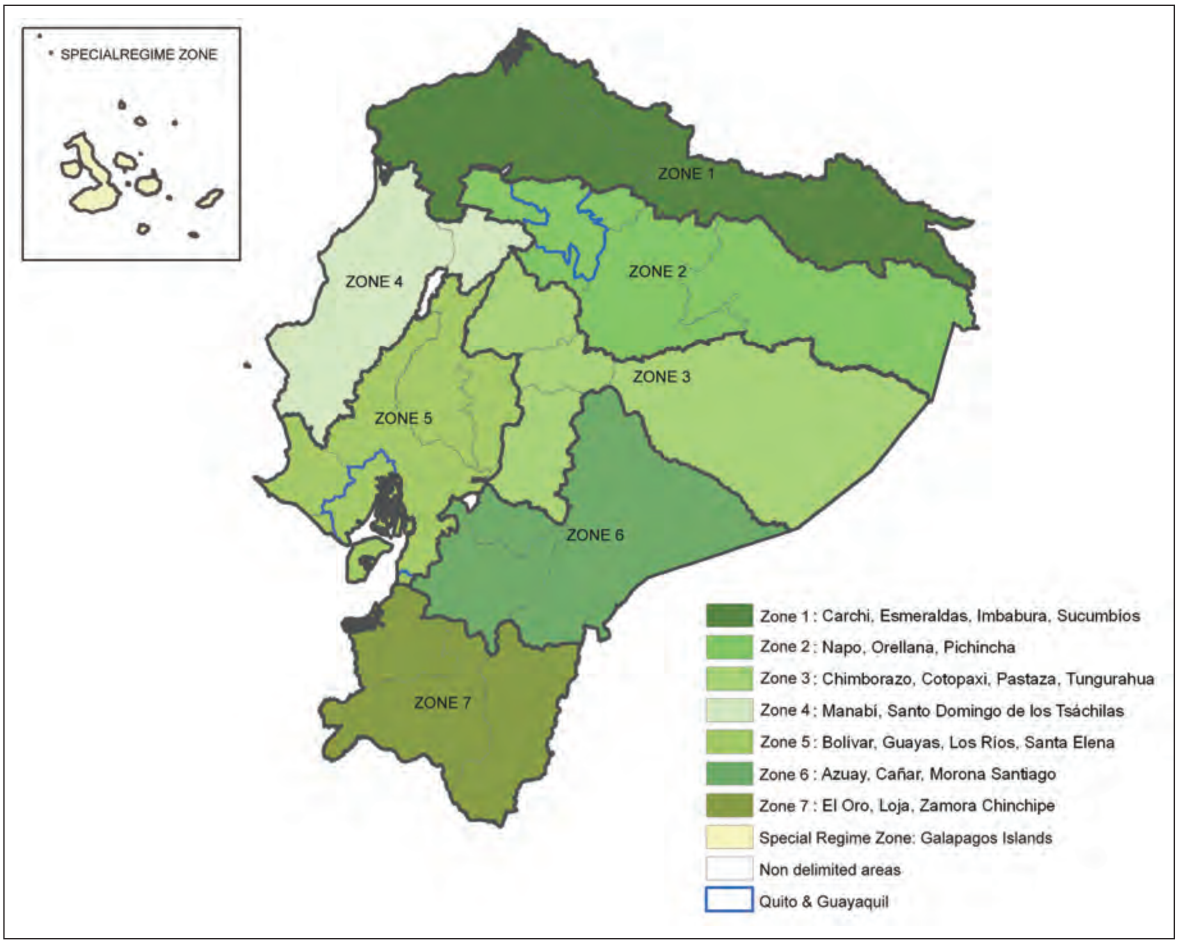
8.10.1. Zonal Agendas

The political reform initiated in 2007 seeks to articulate and deconcentrate the State's public policies as an effective and efficient way to shorten distances between the people and the public authorities, and improve the complex articulation between the government's different administrative levels. In this sense, processes of administrative deconcentration have been promoted in the central government. The seven planning zones play an important role in this deconcentration. Zone planning guides the budget, gives priority to public investment, international cooperation and, in general, the actions and policies of the deconcentrated State.

Building a new model of the State with emphasis on a deconcentrated zone structure entails four main challenges: 1) territorializing public policies to serve specific needs in the different territories, 2) establishing territorial functions and roles, 3) fostering zonal dynamics that con-

tribute towards the materialization of the aims of the National Plan for Good Living and the new long-term accumulation and (re)distribution strategy, and 4) promoting a new administrative structure that articulates public management in the zones.

Map 8.10: Planning Zones Map



Prepared by: SENPLADES.

8.10.2. Development planning and land use management

The National Plan for Good Living, therefore, defines the policies and strategies that must be implemented as general guiding principles for the Autonomous Decentralized Governments. Its contents must inaugurate, in turn, a process of participative reflection and deliberation in which the plans of the different levels of government are taken into account as complementary instruments to this Plan.

On the other hand, the Plan and the territorial strategy include the State's interventions inside the territory of the Autonomous Decentralized Governments. This means that within the territorial planning processes, a series of interventions related to the implementation of a

national project must be also considered. The use and occupation of the land must be consistent with the implementation of national prerogatives and projects.

The guidelines for development planning and land use management should promote the articulation between different levels of government and must be accompanied by the formulation of statistical and mapping information to assist the planning process. There is also a great need for the strengthening of the institutional and human capacities of the Autonomous Decentralized Governments if the planning cycle is to transcend the mere formulation of plans and materialize itself into a National Decentralized System for Participative Planning.

9. Criteria for Public Investment

The endogenous strategy for Good Living requires developing societal capabilities and opportunities through the creation of value to satisfy society's own needs, as expressed by internal demand. This strategy enables the formation of a virtuous circle in which the economy allows the reproduction of life, the satisfaction of human needs, respect for the rights of nature, the increase of added value in production, the specialization and development of capabilities, the reduction of rent-seeking, extractive practices, and the deployment of domestic demand, without ignoring the importance of foreign trade, through Ecuador's strategic and sovereign insertion in the world.

Public investment is one of the main instruments of this strategy. It enables savings, capital mobilization and accumulation in the areas that foment productive chains and, hence, achieve growing production yields.

Similarly, public investment plays an essential role in achieving two critical conditions to achieve an endogenous economy: i) compliance with prior conditions regarding capabilities and opportunities; and ii) capital mobilization and accumulation in value-generating productive sectors.

To fulfill these conditions, it is important to define the guidelines for the general planning of public investment, and for its medium- and long-term programming.

9.1. Satisfying basic needs to Generate Capabilities and Opportunities

The first condition refers to the need for consolidating a critical mass of citizens with capabilities and opportunities, the essential components of Good Living. Public investment must ensure the supply of essential public services to comply with these prior conditions directed to promote human capabilities, such as nutrition, education, preventive health, housing and basic sanitation infrastructure, and social security.

9.2. Capital accumulation in Value-Generating Productive Sectors

The second condition, systematic capital accumulation in value-generating productive sectors, is especially vital given the country's economic structure and Ecuador's dependence on a primary-extractivist export-led model of growth, which leads to capital concentration and curtails the possibility of developing other sectors that generate more aggregate value.

Three investment categories allow for the new type of accumulation required in Good Living:

(1) Investment in support infrastructure for systemic productivity: generation, distribution and efficient consumption of electricity, production

of bio-energy production; telecommunications, roads, transportation and logistics, I+D platforms, strategic research centers related to industrial and technological parks.

(2) Investment in human capacities and specialization: investigation, science, and technology for innovation, specialized industrial training, technical and postgraduate education, technology transfer, etc.

(3) Investment in industries aimed at:
- satisfying basic needs: food, textiles and shoe manufacture, construction (with emphasis on social housing), generic pharmaceutics;
- strengthening food, energy and technological sovereignty and reducing the country's vulnerability and dependence: investment in the bio-chemistry sector to guarantee agricultural sovereignty; in oil derivatives to guarantee energy sovereignty; in hardware and software; in metal mechanics;
- strengthening the sector of community tourism and environmental services.

Prioritizing investments that meet these criteria means promoting change in the model of accumulation. These criteria, however, are also useful to establish priorities over time, given the fact that compliance with the prior conditions is a necessary step for capital accumulation to have the expected positive effects and trigger the virtuous circle discussed earlier.

In addition to this more long-term vision, priority investments must also accomplish short-term goals, such as create employment, satisfy basic needs, contribute to systemic productivity in the territories, etc.

9.3. Prioritization Methodology for Public Investment

The proposed methodology includes generating an Investment Priority Index (IPI) that establishes criteria for the allocation of resources at specific points in time, by considering four main principles:

- Work generation.
- Regional equality (based on a satisfied/unsatisfied basic needs).
- Systemic productivity.
- Eco-systemic sustainability.

Employment generation is relatively easy to quantify.

Territorial and regional equality is measured by evaluating projects located in the poorest areas (according to non-satisfied basic needs).

Systemic productivity takes into consideration capital increase, the project's territorial impact, the contribution to local and national and self-sufficiency, the interrelation between input and product, and the contribution to import substitution and to strategic sectors.

Eco-systemic sustainability is a criterion that promotes and privileges the sustainable use of natural resources, practices aimed at environmentally responsible production, and the limitations of the effect of productive externalities on the environment.

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11. Acronyms

ADG	Autonomous Decentralized Government
AGD	Deposits Guarantee Agency
AIP	Annual Investment Plan
ALBA	Bolivarian Alliance for the Peoples of Our America
AOP	Annual Operative Plan Operativo
BCE	Central Bank of Ecuador
CEC	Ecuadorian Construction Code
CEPAL	Economic Commission for Latin America and Caribbean
CISMIL	Center for Social Research in the Millennium (SENPLADES-FLACSO-PNUD)
CODENPE	Development Council of the Peoples and Nationalities of Ecuador
CONAIE	Confederation of Indian Nationalities of Ecuador
CONAM	National Modernization Council
CONAMU	National Women's Council
CONELEC	National Electricity Council
DAC	Civil Aviation Bureau
DINAREN	National Bureau of Natural Renewable Resources
DPT	Territorial Planning Bureau
EAP	Economiinclinationy Active Population
ENDEMAIN	Demographic Maternal and Infant Health Survey
ENEMDUR	National Urban and Rural Work, Unemployment, and Subwork Survey
EPN	National Polytechnical University
FLACSO	Latin American Social Science Faculty, H.Q. Ecuador
FOB	Free on Board
GDP	Gross Domestic Product
G-20	Group of Twenty (industrialized and emerging countries)
ICSID	International Center for Settlement of Investment Disputes
ICT	Information and Communication Technologies
IGM	Militar Geographic Institute
IG/EPN	Geophysical Institute of the National Polytechnical University
IESS	Ecuadorian Social Security Institute
IMF	International Monetary Fund
INEC	National Institute of Statistics and Census
INFOPLAN	Planning Information System
IRD	Institute de Recherche pour le Développement
ISI	Industrialization based on Import Substitution
ITT	Yasuní Proposal (Ishpingo-Tambococha-Tiputini)

IUCN	International Union for Conservation of Nature
LCS	Living Conditions Survey
LOREYTF	Organic Law on Fiscal Responsibility, Stabilization, and Transparency
MAE	Ministery of Environment
MCPNC	Coordinating Ministry of Natural and Cultural Heritage
MDG	Millennium Development Goals
MEER	Ministry of Electricity and Renewable Energy
MIES	Ministry of Economic and Social Inclusion
MINTUR	Ministry of Tourism
MIPYMES	Micro, Small & Medium Companies
MPD	Movimiento Popular Democrático
MSP	Ministry of Public Health
MTOP	Ministry of Transportation and Public Works
NSBN	Non-Satisfied Basic Needs
NTS	National Territorial Strategy
OCP	Heavy Crude Oil Pipeline
OELAC	Organization of Latin American and Caribbean States
OPEC	Organization de Petroleum Exporting Countries
PETROECUADOR	Ecuadorian State Oil Company
PLANDETUR	National Tourism Plan
PNBV	National Plan for Good Living
PND	National Development Plan
PNUD	United Nations Development Program
POPs	Persistent Organic Pollutants
PROMSA	Agriculture Service Modernization Program
SELBEN	Ecuadorian Social Program Beneficiaries Identification and Selection System
SENAGUA	National Secretary of Water
SENPLADES	National Planning and Development Secretary
SIGAGRO	Geographic Information System for the Agro-Cattle Raising Sector
SIISE	Integrated Social Indicator System of Ecuador
SISPAE	Indicators System for the Afro-Ecuadorian People
SNAP	National Protected Area System
SPPP	Subsecretary of Planning and Public Policies
SSI	Selectiva Substitution of Imports
TUS	Time Use Survey
UNASUR	Union of South American Nations
UNESCO	United Nations Educational, Scientific, and Cultural Organization
UNICEF	United Nations Children's Fund
UPA	Agricultural Production Unit